

Enhancing the efficiency of government control over agroindustrial sector to maintain food security

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Abstract: The purpose of this article is to describe challenges associated with enhancement of government control over agroindustrial sector in order to maintain food security. The need for government control over agricultural industry stems from the fact that the State is accountable to its citizens for establishing their standard living conditions, food and other agricultural product supplies. This article explores the concepts, objectives and enhancement techniques for government control over agroindustrial sector, challenges associated with maintaining food security and the ways to address these challenges.

[Esekeeva A.A., Dzhangabulova A.K., Nakisheva M.K., Kuderin I.K., Tuyakbayeva N.S. **Enhancing the efficiency of government control over agroindustrial sector to maintain food security.** *Life Sci J* 2014;11(5s):86-89]. (ISSN:1097-8135). <http://www.lifesciencesite.com>. 17

Keywords: Government Control, Agroindustrial Sector, Food Security, Legal Support, Government Functions.

Introduction

People's food security challenges have become the subject of an active consideration by the international community due to the socio-economic processes in the developing countries since the mid 70-s, XX century. A global conflict occurred when absolute food overproduction in the developed countries was accompanied by massive hunger and malnutrition in several countries of the third world. This has clearly demonstrated that the persistent food insecurity is often not so much due to the poor agrarian sector as to the level of economic development and poverty of people living in certain countries, all of which results in unaffordable food supplies at market prices.

Hence, the food security challenges became a major focus of attention on the part of the world community. In December 1974, the General Assembly of the United Nations endorsed international obligations to ensure food security in the world developed by Food and Agriculture Organization of the UN (FAO)".

The fight against hunger was given new impetus last week with the release of figures showing that, despite there being 132 million fewer hungry people in the world compared to 20 years ago, there are still nearly 870 million people who go without enough food every day. [1].

Today, manufacturing of agricultural products and related processing is regarded as an essential condition for political stability and the national independence indicator in the countries with developed market economies.

Agroindustrial sector is in a special position within the market place preventing its full and equal participation in an interdisciplinary competition. Low-profit agricultural industry that is dependent on

the natural and strongly marked seasonal and cyclical production factors is more underdeveloped in terms of technology and relatively static industry as compared to the manufacturing industry. Therefore, agricultural industry development directly affects food security of the country.

Major Points

The main prerequisite for overcoming the crisis and strengthening positive trends of the domestic food sector mechanism is determined by the improvement of government control over food security of the country. This form of government activities is represented as a system, which includes two subsystems: Controlling domestic food production; managing international food commerce. If the first subsystem is represented by the food sector structure as its constituent unit by forming the agrarian market and investment processes in agroindustrial sector, then the second subsystem is a set of (export-import) commodity connections. The highest purpose of government control system over agroindustrial sector is to maintain food security of the state [2, 3].

Experts point out that food security is one of the component of national security as a whole. [3].

Its role as one of the security focuses is constantly increasing while the role of purely military means is decreasing [4].

S.N. Ulakov believes that food security is economic category and is a component of economic security of a state [5].

Government control over agroindustrial sector development is understood to be a targeted leverage exercised by the government to organize and manage business activities of commercial organizations in the specified area through issuance of regulatory

documents. Essential tools of such control are procurement, tax, price, credit, insurance and foreign economic policy.

Agricultural industry control is a complex system of economic, legal, organizational, administrative and social activities. Under the law of the Republic of Kazakhstan on "Government Control of Agroindustrial Sector and Rural Territory Development":

Government control of agroindustrial and rural territory development is aimed at maintaining food security, sustainability of agroindustrial product markets, forming an effective entrepreneurship system, supporting competitive advantages of domestic products, as well as improving the level of rural population by creating conditions required for crop, livestock production, fishing industry, agricultural product processing and food-processing industry, maintaining veterinary, sanitary and phytosanitary safety, technical facilities and other related areas of activity, developing social and engineering infrastructure of rural territories.

The need for government control over agricultural industry stems from the fact that the State is accountable to its citizens for establishing their standard living conditions, food and other agricultural product supplies.

It is worth noticing that state regulation of agroindustrial sector is wide-spread abroad including the countries with developed market economy [6].

For example, in the USA the federal law about farmers is adopted (The US Farm Bill) which establishes different legislative and economic forms of support of farmer agricultural production [7]. In 2013-2020 the size of planned state support for agricultural sector, mainly in regard to soya and bean cultures in the USA amounts to 223 billion dollars [8].

The purpose of government control is to transform agricultural industry into an effective market economy branch; stabilize agroindustrial production; create conditions required to ensure normal economic functioning of manufacturing industry, implement the agrarian reform and, above all, land reforms, including privatization and destatization; form new market relation structures, develop businesses.

Severe shortages of material and financial resources, low technical level, inadequate work motivation and disorder of inter-sectoral connections and social backwardness of villages result in a requirement for governmental support to the industry which is incapable of exiting from the recession.

The main reform targets are to develop and implement measures for stabilization of agroindustrial production, eliminate disparity of

prices for agricultural and industrial products, develop food supply system for people, implement land reforms, introduce new price, tax, credit, budget, customs and other regulators for agrarian economy, create a market infrastructure, reorganize agroindustrial control system and methods, transform villages in social terms, train personnel and more.

Enhancement of the food supply system is an important socio-economic challenge and addressing this challenge is greatly important for the country. Maintaining food security is the priority target of a state policy as it involves a wide range of national, economic, social, demographic and environmental factors.

A decisive role in the government control of agricultural sector primarily rests on the agricultural legislation, which is only being formed at this stage. A very significant role lies upon the laws and regulatory documents of Federal State Governmental Authorities.

Legislative acts are used as a tool to define the basic forms and methods of government control, contents of action plans to be implemented in this field of activities, agriculture development programs.

There have been positive changes in the agricultural sector in a number of areas during the recent years. The Law of the Republic of Kazakhstan on "Government Control of Agroindustrial Sector and Rural Territory Development" was adopted as of 8 July 2005 with the 2010-2014 Agroindustrial Development Program which is currently under way.

Credits, vehicle and equipment leasing, breeding animal supply have been made more affordable for the agricultural manufacturers.

Food security is defined *by the Government of the Republic of Kazakhstan, which is in charge of implementing the single state policy for maintaining food security; monitor the status of food security and control the related implementation measures; exercise prescribed emergency actions; coordinate activities of the executive authorities in the area of food security.*

It is worth mentioning that some experts positively assess food security of Kazakhstan which allows even to increase export of separate kinds of agriculture products [9].

The State assumed major responsibilities. First, seek to make food commodities physically and economically accessible and affordable for people.

Economic affordability of food products - ability of people to buy food products in accordance with physiological consumption standards given the existing structure of food product consumption, price system, income level, social benefits and privileges. Food products are referred to as: Agricultural, fishing and related high-level processing byproducts,

drinking water, and salt intended for use in food by humans [2].

Economic accessibility status is characterized by a real household disposable income level which, given the current prices, allows people to purchase food products to the extent and within the products range, which is not less than the established rational consumption standards. To improve the economic access to and affordability of food, the State intends to combat poverty, support poor people and organize food supplies for pregnant women and school children. Along with that, it is very important to provide targeted aid to groups of people, whose level of income does not allow complete and ultimate nutrition".

To improve physical access to food, it is necessary to develop interregional integration and provide more effective support to regions in which food is not sufficiently produced; improve access to transportation for remote regions and create conditions required to develop trade and public catering facilities.

Physical access to and affordability of food - availability of food products throughout the country at each point in time, to the required extend and range.

Physical access to food products is largely determined by trade infrastructure development. Certain complications resulting from food market infrastructure development are associated with operations and expansion of trade network activities that cause monopolization of that segment of the market, complicate the related access for agricultural producers, maintain high consumer prices for food products.

Moreover, there are issues associated with food supplies for people living in the remote rural areas not equipped with a proper road system, which is partially determined by a decrease in consumer cooperative activities. The main challenge of consumer cooperatives in rural areas is to create and maintain properly functioning, accessible and cost-justified social infrastructure, promote effective rural employment through recovery of rural economy. By creating jobs, consumer cooperatives allow rural residents, and first of all, young people in rural areas, to realize their personal economic interest, receive wages and have decent working conditions for creative development. Holding an important position in the agroindustrial sector, consumer cooperatives are the main channel, which helps meet the demands of rural inhabitants in the fast moving consumer goods, an important source involving agricultural resources and products in trade and generating financial income for village workers.

The State shall maintain food independence of the country. Food independence is the status of economy, in which the State can ensure physical access to and affordability of food products through the national manufacturing process in the event that the foreign food supplies are suspended.

As part of people's social protection of population and affordability of food products, what is highly important is the idea of targeted aid for low-income consumers. Targeted aid for low-income citizens is one of the social policy implementation techniques. Targeted aid is provided broken down into categories (retired people, multi-child families, etc.) However, the position of certain individuals within these groups varies widely. Food coupons are a cash equivalent for the poor, in other words they go shopping at ordinary stores based on a specific list of goods.

According to the report: "The State of Food Insecurity in the World" 2012. Food and Agriculture Organization of the United Nations "Economic growth takes time to reach the poor, and may not reach the poorest of the poor. Therefore, social protection is crucial for eliminating hunger as rapidly as possible. Finally, rapid progress in reducing hunger requires government action to provide key public goods and services within a governance system based on transparency, participation, accountability, rule of law and human rights.» [10]

The Government should take actions to ensure quality and safety of food products. To that end, the Government shall maintain food product safety by holding the related manufacturers responsible for such food product safety.

In fact, reductions in overall food manufacturing and increase in prices for domestic products contribute to a higher foreign food dependence. According to the world criteria, an extremely critical level of imports is not to exceed 30 of the state food security, otherwise food independence and security of the state will be endangered.

Pope Benedict XVI said in a message to the World Food Day, that the agricultural cooperatives are able to favor economic development that meet the most pressing local needs. Agricultural cooperatives have an alternative vision to those economic models that seem to have as their only goals, profit, the interests of the markets, the use of food crops for non-food purposes and the introduction of new food production technologies without the necessary precautions," [1]. **An agricultural cooperative** is an organization established by agricultural commodity manufacturers and (or) citizens with private subsidiary farming based on voluntary membership for the joint production or other business activities through consolidation of their proprietary **mutual**

funds in order to meet material and other needs of cooperative members. Indeed, agricultural cooperatives play a crucial role in the creation of jobs, reduction of poverty and enhancement of food security, and also make a significant contribution to the gross domestic product in many countries. UN Secretary-General Ban Ki-moon said in a message to World Food Day that agricultural cooperatives would be crucial in meeting the Zero Hunger Challenge that he launched at the Rio+20 UN Conference on Sustainable Development in June this year.

"The great expertise of agricultural cooperatives will be invaluable in achieving one of the initiative's primary aims: doubling the income and productivity of small holder farmers," he said.

Conclusions

Guidelines for enhancing the efficiency of government control over agroindustrial sector to maintain food security: (a) the State's food supply sector must be able to bring to each resident the required set of food products corresponding to the required standards; b) all residents of the country must have the same access to the adequate quantity of food supplies, safe and quality food supplies for an active and healthy life; c) the country's food supply sector along with the imported food commodities must be oriented to the domestic production in order to avoid exposure to external negative factors; d) the country's food supply sector must develop in the advanced reprocessing made and be able to reduce the emerging negative phenomenon when bringing food to the inhabitants of all regions and areas. Each guideline for enhancing the government control should include agricultural cooperatives.

Based on this, the following major provisions of food security can be determined. First, in order to maintain the food security of this or another country, sustainable and sufficient levels of food production should be guaranteed which will fully meet the related demands. Second, the food security can be achieved only when physical and economic conditions of access to food supplies are guaranteed. Third, with a view to achieving food security, agricultural products should be delivered to the world markets in a stable and adequate manner. And, finally, the last but equally important element of food security is to ensure that the people are supplied with food products which are not detrimental and safe for their health.

More decisive and elaborate actions are required in the area of government control in order to ensure the country's food security.

Particularly:

Assess sustainability of food supply to towns and regions that are dependent on external supplies of food products;

Develop and improve agricultural cooperatives;

Enhance planning of all types of consumer cooperatives basing on agroindustrial sector development requirements; enhance the efficiency of agroindustrial sector and address the social and economic challenges associated with rural area development;

Establish public information resources in the area of food security.

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