

## Agri-Food Competition Trends in EU And The USA, Review

Ludmila MOGILDEA

“Dunărea de Jos” University of Galați, Romania, ludmilacovganet@mail.ru

Ina MOGILDEA

“Dunărea de Jos” University of Galați, Romania, inamog792@gmail

Constanta Laura AUGUSTIN (ZUGRAVU)

“Dunărea de Jos” University of Galați, Romania, zugravulaura@yahoo.com

Gheorghe Adrian ZUGRAVU

“Dunărea de Jos” University of Galați, Romania, zugravuadrian@yahoo.com

Correspondence should be addressed to: Ludmila MOGILDEA; ludmilacovganet@mail.ru

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### Abstract

The aim of the paper is to review the agri-food competition trends in EU and the USA in the digital age, where one of the main trends is the digital labeling of agri-food products, and competition is taking on new forms. Thus, European Union competition law also applies to agri-food products, except for derogations specific to agriculture. And these reports are intended to help producers, authorities, states to implement competition law.

**Keyword:** Agri-Food Competition, Digital Economy.

### Introduction

EU competition policy aims to increase society's benefits by ensuring competitive agri-food markets, aims to close national, inter-state barriers and prevent other competitive barriers in the agricultural sector. Even though agriculture today represents a small part of the economy of developed countries, the European Union emphasizes the promotion of agro-rural policy, namely supporting traditional activities through sustainable development, combating climate change, diversification of the rural economy, product quality, etc (Bustamante *et al.*, 2014; ‘Diversity as a Competitive Advantage? A Case Study of Immigrant Labour in Swedish Agriculture’, 2018). I mention that competition boosts the spirit of farmers and the entry of new agri-food products on the market are rewarded by the consumer and non-quality ones are sanctioned.

Today everyone agrees that without government regulations (laws, limits) and support for the activities of agricultural enterprises, their activity is inefficient.

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In the structure of agricultural expenditure, the largest share of direct payments is observed in countries with unfavorable production conditions: (Norway, Iceland, Finland, Switzerland, the mountainous regions of France). The purpose of these payments is: to compensate in a way for the negative rent of the land, which increases production costs, for example in mountainous and northern regions (Guo and Bouwman, 2016; Rosić, Očić and Šakić Bobić, 2016; Slabe-Erker et al., 2017). The number and total area of farms, which were classified as less favorable, was constantly rising, and now the area of these farms is almost half of all agricultural land in the EU. In Finland, all farms generally receive subsidies per hectare, and in the northern area there are increased prices and special surcharges. The same concessional allowances exist in northern Sweden (Kožar et al., 2012; 'Diversity as a Competitive Advantage? A Case Study of Immigrant Labour in Swedish Agriculture', 2018). A similar system is in Norway. In Austria, Switzerland and the mountainous areas of France, a subsidy system per hectare or per animal has long been used. In the state regulatory system, much attention is paid to the financial support of farmers (Smolarski, 2017; Kadochnikova et al., 2018). This support is achieved through: - the establishment of agricultural cooperative banks - development of rural credit cooperatives, focused not on profit, but on service - expanding the mortgage credit system - establishing a gentle fiscal regime for agriculture. In almost every state of the world in various forms there is a system of agricultural loans. In Turkey, this is Ziraat Bank, in France - Credit Agricole, in Austria - Raiffeisenbank etc (Armstrong, 2016; Kadochnikova and Lisogor, 2017). They all have a huge network of subdivisions. Agrarian banks are united by membership in the International Confederation of Agricultural Loans. It is important that the bank becomes as familiar and necessary to the village as, for example, a shop or a post office. This means that the bank should be just as clear, accessible and useful.

Of particular note is Japan, where the government regulates about 20% of consumer prices: for rice, wheat, meat and dairy products, rail transport, heat supply, water supply, electricity, gas, education and health care services.

In France, the state also regulates 20% of prices, there is a network of state controllers on them, the direct regulation of prices for agricultural products. In the United States, indirect regulation is used (extension federal procurement, streamlining fiscal and monetary policy, etc.). Direct price regulation is used only in highly monopolized industries. In developing a pricing policy, the optimal combination of state regulation and self-regulation of prices, it is important to focus on the best examples from world experience, which shows that even in countries with a developed market, the economy controls most prices. to food. Today, the following classical methods are used, practically proven setting fixed prices

The US government's agricultural policy defines a whole system of legislation. Every four years Congress discusses and adopts the "Basic Law on Agriculture." In addition, many aspects of agricultural policy are formed as a by-product of legislation regulating other areas of activity. Tax laws, for example, help attract funds from private investors in the development of certain areas of agriculture.

## **Methodology**

The regulation on the state market of the agro-industrial complex has a polyvalent nature, both from the point of view of its implementation methods and of the objects for which it is directed.

Although there are significant differences between the application of the specific measures, they all mainly pursue the following objectives:

- supporting a stable economic situation in agriculture, market conditions and a certain level of profitability of industry
- ensuring food security
- limiting overproduction
- guaranteeing the competitive participation of domestic producers of goods in the international division of labor, etc. So here I can certainly say that for our country (I can say less developed countries) is very interesting and important the experience of using rational food in organizing the state regulatory system of agricultural production in advanced economies developed by the European Union.
- allocation of subsidies per hectare, head of animal conditioning
- concessional loans to farmers, the main principle of which is the partial offsetting of current interest from the budget, funds
- funding for government research

In general, of the total amount of direct payments in countries with a developed market economy, 2/3 are area and animal payments.

## Results and Discussions

The policy of ensuring price levels and countervailing payments makes commodities of major importance part of the practice of ensuring stable prices through government subsidies. A more important role than stabilizing prices through loans is played by compensation payments, which are a form of direct contribution to enhancing farmers' incomes. Again, in order to benefit from certain subsidies, farmers have to withdraw part of their land from use. Compensation payments are limited to \$50,000 per year.

The so-called market shares limit the amount of products from this crop, which can be delivered to the market from one week to another. By limiting sales, these quotas are designed to increase purchase prices for farmers. Quotas are introduced by a decision of the producer committees of a given state or region. A farmer who allows himself to ignore these regulations risks being prosecuted.

Today, the farmer has wide access to a developed network of loans from private, cooperative and public financial sources. One of the most important components of this network is the federal system of loans to farms, consisting of three groups of banks, each of which is endowed with specific functions: loans for the purchase of real estate, loans for the purchase of agricultural tools and seed stock and cooperative loans. The country is divided into twelve areas, in each of which there are three federal banks, one each for loans to each of the areas of activity listed above. Banks finance their operations by issuing and selling securities to depositors, in the same way as business corporations. Another source of credit for farmers is the Office of Local Agricultural Affairs, a kind of ultimate "credit paradise" where they go, if there is nowhere else ('КРИЗИСНЫЙ ХАРАКТЕР СЕЛЬСКОГО ХОЗЯЙСТВА США В 1920-1945 ГГ. И ПОПЫТКИ УСТРАНЕНИЯ ЕГО ПОСЛЕДСТВИЙ В 1950-60-Х ГГ.', 2020; 'СОВРЕМЕННОЕ МЕТРОЛОГИЧЕСКОЕ ОБЕСПЕЧЕНИЕ СЕЛЬСКОХОЗЯЙСТВЕННЫХ УСЛУГ В США', 2020).

The government encourages farmers to limit the amount of land they plow. Subsidies are foreseen for farmers who agree to keep part of their land. A number of federal programs are designed exclusively to stimulate soil conservation. Under one of these programs, for example, the government takes over some of the cost of sowing land used with grasses or legumes to reduce the dangers of soil erosion. Irrigation and water supply. The federal system of dams and irrigation canals provides water supply at subsidized prices to farmers in 16 western states. Subsidized irrigation contributes to the cultivation of 18% of the country's total cotton crop, 14% barley, 12% rice and 3% wheat ('НОМАДНОЕ ЖИВОТНОВОДСТВО КАК ОСНОВА СИСТЕМЫ ЖИЗНЕОБЕСПЕЧЕНИЯ КАЛМЫЦКОГО НАРОДА', 2019; УДВАЛ *et al.*, 2021).

In addition, it implements food assistance programs for the population, which are part of the country's social security system. Another important area for USDA programs is the development of the environment in rural areas: infrastructure, housing for the poor and the provision of crops (14% of the ministry's budget). In addition, it supports scientific research in agriculture, helps farmers to expand their knowledge, has a large statistics office and an export promotion service. The European Union also supports its farmers. Among the main areas of this support include an internal system of high fixed prices, although without establishing control over the volume of production and over exports, the excess production generated by them. In order to keep the price high, the EU imposes a high tax on similar imported goods.

High fixed prices encourage overproduction of agricultural products that the EU exports at a low subsidized price.

On the inside, the accepted prices apply to most species of agricultural products, except for oilseeds and cereals without cereals.

More than 15 million people are rich in agricultural products from Danish farmers.

In total, just over 100,000 people are employed in rural work. The Danish farmer owns his farm, land and tools. He buys his farm at market price, even if he is a relative of the seller. In Denmark all farms need to be purchased only by purchase. In order to obtain the right to buy a farm with a land of over 30 hectares, the farmer is obliged to obtain a special education of 5 years in an agricultural school. To buy a farm, as in any other transaction, you can get a loan from a regular bank or credit institution. To guarantee the repayment of a loan, it is not enough to pledge land and buildings, the farmer must also present a calculation of the expected profit from the farm purchased. The state participates on a very limited scale in loans to farmers. All farmers, united in cooperatives, are the owners of the purchasing enterprises. A farmer, who is a member of a cooperative farm or cooperative slaughterhouse, is obliged to supply them with his products.

## Conclusions

The professional advisory service is one of the main factors that explain the high organization of Danish farmers. The state subsidizes the service by paying 10% of its costs; 90% are paid by farmers. This means that the advice the farmer receives must really be of superior quality - otherwise the farmer will refuse to pay. Developing countries often have agricultural policies exactly the opposite of those of the US and the EU. Instead of subsidizing and supporting producers, they subsidize consumers. This policy is largely attributed to the strong political influence of consumers and the political

instability of governments. The dissatisfaction of many consumers concentrated in cities is followed by more serious problems than the dissatisfaction of producers living in rural areas. India is a prime example of a developing country pursuing a pricing policy that provides massive subsidies to consumers of agricultural products and at the same time hidden taxation of producers. It should be noted that in India government pricing policy applies only to agricultural products and does not affect products of animal origin.

Currently, there is a change in the methods and forms of regulation of the agrarian economy both on topics and objects and on the level of state regulation (*Measurement of Non-Tariff Barriers - 31375 Words | Studymode*, no date). These trends are typical not only for countries that have recently begun the path of market reforms, but also for countries with a developed market economy.

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