



Regulation of Agrarian Entrepreneurship in the Russian Far East and Northeast China

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1. Introduction

This article presents the essence of the «agrarian entrepreneurship» concept, the «agrarian entrepreneur» concept and the «agricultural commodity producer» concept. It covers the basics of managing agrarian enterprises at the national and municipal levels in the Russian Far East and Northeast China. The article gives a comparative analysis of the regulation of agrarian entrepreneurship in the Russian Far East and Northeast China.

2. The essence of agrarian enterprise and basics of its regulation

Today, entrepreneurship development is one of the top-priority drifts of socio-economic development in Russia. The term «entrepreneurship» was secured in Russian legislation for the first time in 1990 and it allowed for proactive independent activity of citizens and their associations, aimed at making a profit (On enterprises and entrepreneurial activities (1990)). The concept of «agrarian entrepreneurship» is characterized primarily for agrarian law and it is used when considering the issues of land use and the carrying out of entrepreneurial activities (Dusipov, E. (2010)). There is no clear definition of agrarian entrepreneurship in economics. Thus, it is appropriate to consider this concept with the analysis of two components: the «agrarian» and the «entrepreneurship». According to the Modern economic dictionary, entrepreneurship is an independent, self-sustained (executed on its own behalf and risk, under its own material liability) activity of citizens, individual persons and legal entities, aimed at the systematic acquisition of income and making a profit from the use of property, sale of goods, execution of works, rendering of services (Raizenberg, B. (2006)).

Agrarian entrepreneurship is a narrower concept than entrepreneurship in general and it is

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limited only to the understanding of the term «agrarian». According to an explanatory dictionary, the term «agrarian» denotes «landed» relating to «land use» (Krysin, L. (2008)) and «agrarians» - are the workers related to the agricultural production sector, who participate and express its interests (Raizenberg, B. (2006)). Thus, agrarian entrepreneurship is self-sustained (executed on its own risk) activity, which is related to land use and aimed at systematic acquisition of profit from the manufacturing and sales of agricultural products by the entities, registered as such in accordance with the law.

In Russia, entrepreneurs operating in the sphere of agricultural production are defined as «agricultural commodity producers». This definition was typical only for Russian legislation but it recently appeared in scientific and practical use. There are some distinctive features of agrarian entrepreneurs which distinguish them from agricultural commodity producers. Thus, agrarian entrepreneurship firstly implies activities related to land use, and in this regard, the availability of primary or subsequent (industrial) processing will not be an important criterion for agricultural commodity producers' reference to agrarian entrepreneurs. Agricultural commodity producers are those small-scale fisheries, which are not agrarian entrepreneurs. The activity of agrarian entrepreneurs is aimed at making a profit, while the activity of agricultural commodity producers can be noncommercial in nature.

Today entrepreneurship in the sphere of agricultural production needs regulation in order to achieve the greatest efficiency of implemented activity. This issue concerns the socio-economic aspects of development in a very special way. State governments understand the need of implementing active regulation of agriculture. All opinions differ only in scale, forms and intensity of this regulation.

The regulation of agrarian entrepreneur activity is implemented by state authorities and bodies of local self-government. Thus, regulation of the agrarian entrepreneurship is regulated by legislation, is the purposeful impact of public and municipal authorities on the participants of agrarian relations in order to ensure sustainable development of agricultural production and socio-economic development of rural areas. Regulation of agrarian entrepreneurship should include ensuring consumer protection and guaranteeing that during production, storage, transportation and sale agricultural product will maintain safety and quality requirements as defined by the law. However, in this article, the main emphasis of regulation of agrarian entrepreneurship will be placed on activities that advance the competitiveness and profitability of agrarian entrepreneurs, as well as sustainable development of rural areas.

Considering all the methods and tools of regulation, it is possible to allocate the basic directions of regulating agrarian entrepreneurship:

1. Creation of general conditions for the development of agriculture.

2. Regulation of the land relations.
3. Tax regulation.
4. Price controls.
5. Financial and credit support.
6. Socio-economic development of rural areas.
7. Development stimulation of specific forms of agrarian entrepreneurship.

3. Reforming peculiarities of agrarian entrepreneurship in the Russian Far East and Northeast China

In Russia, regulation of agrarian entrepreneurship has relatively little experience in the use of market-based regulatory tools. Russia, like China, came a long way in reforming activity of agrarian entrepreneurs from the command-administrative system to a market economy. The foundation of a multi-structural agriculture, based on the activity of enterprises of various forms and types, established with the use of various patterns of ownership, was the main goal of both states. However, the initial conditions of reformation in Russia and China were significantly different. In fact, prior to the reforms, Russia was already an industrial country. In rural areas inhabited by 26% of the total population of the country, the share of agriculture in the GDP amounted to 17-18%, while the share of industry and construction was 45-50%, with \$5,000 GDP per capita. China at the start of the implementation of the reforms was an agrarian country with 80% of the population employed in agriculture. Agriculture accounted for 35% of the GNP, with \$250 GDP per capita. Thus, one state was an industrial country, and the other was an agrarian country (Mao, Tianzi (2003), pp. 53-64).

At the time the reforms began, the activity of Russian agrarian entrepreneurs was more efficient, but today, the situation in these two countries is quite opposite. For example, the production of grain crops in China for the period of implementation of the market reforms increased by 74%, vegetables - by 57%, sugar beet - by 4.7 times, eggs - by 1.8 times, meat - by 4 times, and milk - by 27.5 times. In Russia, during the period of market reforms, grain production decreased by 17%, meat - by 29%, milk - by 37%, and eggs - by 16%. There are also different indicators of machinery equipment used in agriculture. During the period of implementation of market reforms in China, the number of tractors increased by 1.4 times and grain combine harvesters - by 14.9 times, while in Russia the number of tractors decreased by 7.5 times and grain combine harvesters - by 8 times (China Statistical Yearbook (2010); Russia Statistical Yearbook (2001), pp. 458-540; Russia Statistical Yearbook (2010), pp. 425-448).

The most critical facet of ensuring the competitiveness of national agrarian entrepreneurs

stands in the border areas with Russia. The Russian Far East and Northeast China have similar climatic conditions for agriculture activity. However, the level of development of entrepreneurial activity in both regions is significantly different. During the implementation of market reforms on the territory of Northeast China, as on the territory of the whole country, there was a positive dynamic of increase in quantity and improvement of quality indicators of agrarian entrepreneurs' activity in the region. Crop production output has also increased. For example, during the period of reforms the production of grain crops increased by over 70%, vegetables - by 60%. Other significant changes have occurred in the livestock output production: production of eggs increased by 2 times, meat - by 4 times, and milk - by 28 times. It should be noted that the quantitative indicators of agrarian entrepreneurs' activity in the region is higher than in the whole of China. Thus, Heilongjiang province is the country's largest producer of grain crops. Jilin province is the major producer of livestock products in China.

In the Russian Far East, as in the whole country, for the entire period of the implementation of market reforms, qualitative and quantitative indicators of agrarian entrepreneurs' activity have decreased. There was a decrease in crop and livestock production and a significant decrease of crop acreage. In the period from 1990 to 2009, the decline in Russia amounted to 34%, and in the Russian Far East - to 51.8%. In Russia, there was an increase in the acreage of vegetable cultures, but in the Russian Far East there was a decrease in the acreage of all major crops. The number of cattle was decreased by 3.6 times, and pigs - by 5.6 times, which is significantly higher than the average rate in Russia.

The statistics on technical equipment used for agrarian entrepreneur activity in both regions are quite different. The annual increase of technical equipment and tractors in the province is more than 15% in average and it is one of the most rapid in the country. During the period of implementation of the market reforms the number of tractors increased by 1.5 times and grain combine harvesters - by 15.3 times. In the Russian Far East, for the entire period of reforms, there was a considerable quantity reduction of agricultural machinery. Thus, in the period from 1990 to 2007, there was a decrease in the number of tractors by 4.6 times and grain combine harvesters - by 3.6 times. The annual increase of the technical equipment and tractors in the region in 2009 amounted to 3.7% in average, and in 2010 - to 8.5%. In addition, the share of the main types of machinery in agriculture of the Russian Far East, which has been in service for more than 10 years, amounts to 63.4% (<http://www.mcx.ru/>).

Thus, during the entire period under review, there was a decrease in the performance of agrarian entrepreneurs of the Russian Far East (lower than the level of Russian National indicators). In Northeast China, on the contrary, there was a tendency to increase the profitability and competitiveness of domestic producers of agricultural products. And qualitative and

quantitative indicators of agrarian entrepreneurs' activity of Northeast China became higher than the country average.

In our opinion, such a different level of agricultural economic development of the two bordering territories with equivalent climatic conditions in agricultural areas can be explained by the existing differences in regulation tools of agrarian entrepreneurship used in the Russian Far East and Northeast China. In this regard, we consider it expedient to study the regulation peculiarities of agrarian entrepreneurs' activity in Russia and China at the regional level. This analysis will allow for the identification of possible ways to improve agrarian entrepreneurship regulation in the Russian Far East, by using the positive experience of the neighboring Chinese.

4. Peculiarity of state and municipal regulation of agrarian entrepreneurship in the Russian Far East and Northeast China

One reason for the existence of different levels in development in agrarian entrepreneurship is the use of different tools for the regulation of agrarian entrepreneurship in both countries. These differences are found at all governmental levels, including the powers and capacities of local governments within the regions. According to article 3 of the Constitution of the PRC, delineation of powers of state and local authorities, held on the principle of the multifaceted development of initiatives and activities on the principle of a unified leadership of the center (Window in China (2010)). Thus, in China popular governments of the district level and higher may decide on the conditions and terms of registration of organizational and legal forms of agrarian entrepreneurs, simplify the system of receiving credits by agrarian entrepreneurs, limited to the presence of 2 guarantors with affluent financial and economic indicators. In Russia, Federal government bodies are invested with those powers.

Most of the taxes in Russia are federal, including: value added tax, excise tax, income tax, unified social tax, and corporate profit tax, fees for the use of objects of fauna and for the use of aquatic biological resources, water tax, state duties and mineral extraction tax. Under the jurisdiction of subjects of the Far Eastern Federal District there are such taxes as: transport tax, corporate property tax and gambling tax. Land tax is the only one under the jurisdiction of self-government bodies. It should be noted that today the percentage of land lease in rural areas remains minimal. Most land plots of agrarian entrepreneurs are privately owned. In this regard, the land tax is an essential item to replenish the administrative budgets of rural villages, but insufficient to provide the necessary financial assistance to agrarian entrepreneurs.

In China, most of the tax accrues to the local budgets of districts and appears to be the sources of financing the programs of support to agrarian entrepreneurs (table 1). Thus, the

central tax is at the disposal of the central government, and the local tax is at the disposal of local authorities. Joint tax is distributed between the central and local governments, e.g. 25% value added tax (at the domestic level) goes to the budget of local governments, and the remaining 75% - to the central government budget.

Table 1 – The taxation system in China

Tax types	Name of the tax
Central	-Consumption tax; -Car purchase tax.
Joint	-Value-added tax; -Corporate profit tax; -Business activity tax; -Income tax; -Stamp tax; -Environmental resources tax.
Local	-Tax on conveyances; -Rural areas land lease tax; -Property tax; -Tax on land value increment; -City construction support tax; -City and urban area land use tax; -Transport and aquatic resources use tax.

Source: Window in China (2010); The taxation system in China (2012).

Thus, the regulation of agrarian entrepreneurship in Northeast China provides broad powers and the financial resources necessary for local authorities to quickly and most efficiently ensure the competitiveness and profitability of agrarian entrepreneurs, as well as the sustainable development of rural areas. In the Russian Far East municipalities do not have the administrative and financial capabilities to implement comprehensive regulation of agrarian entrepreneurship, which, undoubtedly, affects the effectiveness of the implementation of agrarian entrepreneurship regulation in Russia nationally.

5. Comparative analysis for the regulation of agrarian entrepreneurship in the Russian Far East and Northeast China

Ahead, we carry out a comparative analysis of the tools of agrarian entrepreneurship regulation in the Russian Far East and Northeast China, with the aim of identifying areas for

improvement of agrarian entrepreneurship regulation in the Russian Far East. You must take into consideration that all methods of agrarian entrepreneurship regulation are determined at the state level, and subsequently complemented by the methods of local authorities. The following comparative analysis will be divided into the main aspects of agrarian entrepreneurship regulation. Let's look at each of these aspects:

5.1. Arrangement of general conditions for agricultural activity

In China, in the framework of this aspect, more attention is paid to research in the sphere of agricultural production. In general, today, both states have actively implemented the following measures for the creation of general conditions for agricultural activity:

- maintenance of soil fertility;
- creation of a state information support system in the sphere of agriculture;
- providing advisory services to agrarian entrepreneurs and retraining of specialists in the sphere of agriculture;
- involvement of agrarian entrepreneur unions (associations) in the formation and implementation of the state agrarian policy etc.

5.2. Regulation of land relations

All changes in agrarian entrepreneur activity have been achieved by the Chinese government without land privatization. At the initial stages a short term land lease (up to 3 years) had a negative impact on agricultural development. Farmers were not interested in maintaining soil fertility of exploited lands, and all their efforts were aimed at a rapid increase in production, which often resulted in barbarous land use. Thereafter the term of the lease was extended to 30 years and even to 50 years in some provinces. To increase the motivation of agrarian entrepreneurs it was sufficient to provide the land lease for a longer term without transferring land ownership. Today, the activity of agrarian entrepreneurs in China is directly connected with the mechanism of regulation of land relations. In this regard, the leadership of the country pays increased attention to this issue. In Russia private land ownership appeared in 1990. Currently, there are measures being developed in order to facilitate the transfer of land ownership rights to agrarian entrepreneurs of small entities.

5.3. Tax regulation

In China, the taxation of agrarian entrepreneur activity, for the whole implementation period of market reforms, has undergone significant change. Thus, in the beginning of the reforms, the agricultural tax in China was incurred in natural form, but even under such a system of taxation

the poorest areas were excused from paying the agricultural tax. In 2005, the agricultural tax was cancelled, and that fact had a significant impact on the competitiveness of Chinese agricultural commodity producers. In 2004, however, it was cancelled in the most important agricultural regions of China, including Heilongjiang province.

In Russia, the system of taxation has also changed considerably in the direction of decreasing the tax burden of agrarian entrepreneurs. A positive fact is the introduction of the single agricultural tax in 2003 that has significantly simplified the entire taxation system. However, a number of tax remissions in the framework of the single tax are temporary, and the total amount of taxes and fees payable for agrarian entrepreneurs remains high. Nevertheless, bodies of local government and state power in the Russian Far East are not able to independently make decisions about the decrease or increase of tax payments by agrarian entrepreneurs.

5.4. Price controls

Significant differences were observed in the development of price control mechanisms of agricultural products in Russia and China in the period of market reforms. Thus, in Russia at the beginning of the implementation of the market reforms there was price liberalization for agricultural products with the cancellation of public purchases. Russia's agrarian entrepreneurs are faced with the problem of marketing produced agricultural output, and as the result, a price disparity of agricultural products and means of production began to be observed. During the period of implementation of market reforms prices for industrial products in the Russian Far East increased by 698 times, and for agricultural products – only by 74 times. The price disparity in the region manifested in 2,5 times more than in Russia on average. Afterwards, guaranteed minimum prices for agricultural products, as well as minimum and maximum producer support prices, were introduced. Currently, however, the price system works in favour of the organizations engaged in purchasing interventions, and not in favour of agrarian entrepreneurs, which has a negative impact on the profitability of the latter.

In China, price liberalization for agricultural products was held on a stage basis. During all the examined period there was a growth of purchase prices for agricultural products, which has led to the compliance of agricultural products prices and prices of the means of production. Subsequently, guaranteed prices for grain were introduced. Today, on the territory of Northeast China, the guaranteed minimum prices for grain are annually counted and introduced. Production price controls are also maintained for this type of agricultural product. Thus, in 2010, a significant amount of soy was imported to Heilongjiang province from the USA at low prices. In this situation, the province administration carried out purchases of soy from domestic

producers at guaranteed prices to ensure their profitability. Today, such measures of state regulation are not used in the Russian Far East territory.

For significant changes in the current situation in the Russian Far East, it is necessary to update existing methods in state regulation of agrarian entrepreneurs, and in particular there is a need for legislative consolidation of guaranteed prices for a specific list of agricultural products (outside the framework of public purchases). However, these changes should primarily be taken at the federal level. Therefore, this aspect of state regulation will not be considered while developing the steps for the improvement of agrarian entrepreneurship regulation in the Russian Far East.

5.5. Financial and credit support

Currently, the main financial support tools of agrarian entrepreneur activity in the Russian Far East are the increase of availability of credit in the framework of subsidizing interest rates for agricultural loans, and subsidizing the leasing of pedigree livestock, machinery and equipment for livestock and industrial fish-breeding due to the increase in the authorized capital of «Rosagroleasing» JSCo. In the Russian Far East, as in the whole country, the implementation of these tools began with the adoption of the state program of agricultural development in 2006, as well as with the implementation of the national project «Development of AIC».

Today, in the Russian Far East, there are no significant positive results seen in the leasing of pedigreed livestock, by the theme titled «Accelerated development of livestock sector». The percentage of regional agrarian entrepreneurs participating in this part of the national project still remains negligible. There was no correlation between growth of milk production and the supply of pedigree cattle identified. Thus, in 2008, over 3.5 thousand heads of cattle were delivered in the Sakha (Yakutia) Republic, but in 2009 there was a decrease in milk production. While in the Russian Far East for the period of realization of this aspect there was a tendency for the reduction of the cattle population, the supplies of which are predominantly carried out by JSC «Rosagroleasing» (on average, 30 thousand per year).

The increase of agricultural production output was achieved mainly due to implementation of the state programme titled «The achieving financial sustainability of agriculture». It should be noted that only crediting of interest rates, not cancellation of existing debt, positively affects the whole system of crediting the agrarian entrepreneurs activity. Today, the loan repayment of 2006-2007 has already begun. There is also a trend of agricultural machinery renovation. At the expense of federal and regional budget funds, leasing is compensated for more than 35% of grain harvesters. Preference is given to Chinese «John-Deere» harvesters because they are cheaper than Russian analogs (Shelepa, S. (2009)).

However, the share of the Russian Far East in total actual volume of all attracted subsidized credits for 10 year terms is 2.5%, and the share of the region in total volume of subsidy is 1% (<http://www.mcx.ru/>). These indicators are the lowest in the country, and do not correspond to the share of the region in production of the main types of agricultural products.

The low percentage of participation, of the Russian Far East in the implementation of this part of the state program, may be explained by the limited possibility of obtaining preferential loans. Agricultural organizations can get a loan only if their activity's profitability is above 15%. In the Far East only 25-30% of all organizations meet these requirements. Agrarian entrepreneurs of small entities do not have the necessary collateralized property and that fact affects the availability of credit. Only 10% of private farms owners and 10-15% of farms can get preferential loans in the framework of the Priority national project (Shelepa, S. (2010)). The need to collect a large number of documents for obtaining credit significantly shifts the receipt date. Considering seasonal nature of agrarian entrepreneurs, this fact essentially affects the effectiveness of the credit system in general.

Nowadays, Northeast China is not using such instruments for regulation of agricultural entrepreneurship as the subsidizing of interest rates. Ensuring the availability of credit is achieved by reducing interest rates on loans to agricultural producers, through the signing of the agreements between the Leadership of the provinces and the Agricultural Bank of China, as well as a number of commercial banks. The standard loan rate to agricultural entrepreneurs in Chinese banks is 5.6% (in Russia - 14%).

In the development of the monetary and credit support mechanism for agrarian entrepreneurship in Northeast China, the focal point is given to increasing the share of rural cooperation in the system of agrarian entrepreneurs crediting activity. Thus, the mechanization of agriculture in the period of market reforms in the North-Eastern provinces of China, as in the whole country, mainly occurred at the private expense of farmers. The municipal authorities of the Russian Far East have far less financial capability to support agrarian entrepreneurs than the leaders of the provinces in Northeast China. In this regard, the regulation of agrarian entrepreneurship in the Russian Far East should be focused on stimulation of private investments in agricultural production.

5.6. Socio-economic development of rural area

All tools of agrarian entrepreneurship regulation in northeast China are currently socio-economic in nature. The leaders of the North-Eastern provinces believe that the strategy of socio-economic orientation in the long term will allow not only considerable increase of the consumption level, and basically eliminate absolute poverty, but will significantly reduce the

social tension in the villages, and, hence, solve the problem of maintaining social and political stability in the society (Isimov, R. (2011)). During the creation of all the necessary social conditions for agricultural entrepreneurs' activity, their expenses can be significantly reduced, which substantially influences profitability.

The highest level of socio-economic development is observed in Jilin province. It should be noted that the ratio of urban and rural average per capita disposable income in Jilin province, on average, is lower than in China nationally. Thus, in China in 2008, this ratio was 3.1:1, and in Jilin province – 2.60:1 (The lives of the people (2010)).

In the Russian Far East the need for village social development is displayed in the «Strategy of socio-economic development of the Far East and the Baikal region till 2025» program. In the framework of the state program on the Russian Far East, Federal target program «Village social development till 2012» was implemented. However, the significant positive results in the region in the course of this program were not observed. In 1990, the real incomes of the population of the region amounted to 123% of the national average, and in 2006 – only 93%. The rate of remuneration for employees of agricultural enterprises in the Far East is much lower than in other sectors, and it is about 40 to 75% of the average wages in the region (Shelepa, S. (2011)). The share of the population with income below the subsistence minimum in Russia in 2010 was 12,6%, and in the Russian Far East it was 19,1 %. The share of poor villagers in Russia in 2010 amounted to 40.2%, and in the Russian Far East – 54.2% (Social status and standard of living of the population of Russia (2011), pp. 150-154).

If the income gap between rural and urban residents on average in Russia is gradually shrinking, in the Russian Far East such tendency is not observed. The unemployment in the region continues to increase as well as the growing outflow of residents from rural areas. The top issues of the current rural area are education and healthcare. The Far East, to date, is already selected as a problem region of Russia in the sphere of the socio-economic development of agriculture. The most negative trends highlighted are the growing rates of villagers' population reduction, and, as a consequence, the reduction of agrarian entrepreneurs.

Therefore, the level of socio-economic development in the rural areas of the North-Eastern provinces of China is higher than the average for China, and as for the Russian Far East – it is below Russia's national indicators. With that, there is an annual insufficient financing of activities in the framework of the «Village social development till 2012» federal program, as in general in Russia and in the region. As part of this, one of the aspects for the improvement of agrarian entrepreneurship regulation in the Russian Far East, it is necessary to point out the socio-economic development of rural areas, in particular, the increase of public spending in this sector and the complete implementation of state programs concerning the development of rural

areas.

5.7. Stimulation of the specific forms development in agrarian entrepreneurship

In China, the establishment of agrarian entrepreneurship forms happened systematically, consistently, replacing the old forms with new, more efficient ones. All forms of agrarian entrepreneurs in China were created by filling the empty gaps with new commercial entities, and not by the destruction of the government institutions. In this framework both internal reserves and foreign capital were involved. At the same time, the leadership of China was stimulating the business initiatives of agrarian entrepreneurs, giving them the opportunity to independently carry out their activity under the compulsory government control, especially in crisis periods in agriculture. In Russia, during the first five years of market reforms, a complete replacement of the existing organizational and legal forms was carried out twice, which adversely affected the efficiency of their activity.

Government stimulation for the establishment of specific forms in agricultural entrepreneurship in China, such as integration associations, has partially solved the problem of farmer employment. Thus, established township and village enterprises absorbed the labor power surplus and helped to provide farmers with necessary consumer goods. In Russia, the compulsory reorganization of the existing types of agricultural entrepreneurship led to the loss of farming skills and the rise of the employment problems in rural areas.

Today, the major agricultural producers in Northeast China are also agrarian entrepreneurs of small management forms (about 80%). Currently, these agrarian entrepreneurs of small management forms face the following difficulties:

1. The limited size of agricultural lands (on average, about 0.31 ha of land for one family).
2. The inaccessibility of lending to agricultural activity. Due to the limited financial resources, agrarian entrepreneurs have to resort to bank services. Not having the required collateral guarantees, and given the high share of non-performing loans, farmers are forced to pay high interest rates on farm loans.
3. The need for a significant cash investment in rural infrastructure development in Northeast China.
4. Lack of information supply for family owned businesses.

The most difficult aspect is the solution to the problem of limited land resources. In recent years, in connection with an increasing shortage of lands in the Northeast China, and strengthening Russian-Chinese relations, Chinese agrarian entrepreneurs began to consider the far-eastern territory a potential reserve for the transfer of Chinese agricultural production and creation of additional jobs. The almost empty agricultural market of the Far East region and

good economic benefits that you can get working on Russian territory also attracts Chinese farmers. Therefore, in Northeast China, the «foreign agricultural field» of Heilongjiang province has been rapidly developing, and its activity is controlled by the Head Department of Agriculture in the province. By 2015, its acres should reach 2.7 million ha (Heilongjiang; strategic structure “of overseas agricultural area” (in 2011).

A lot of attention from the leadership of the Northeastern provinces in China was paid to the development of agricultural cooperatives. According to Chinese economists from Northeastern provinces of China (Guo, Siangui (2007)), it is cooperation that may significantly affect the competitiveness of agrarian entrepreneurs. Given the fact that the Russian Far East has no problem with limited land resources, it is advisable to consider the issue of the development of the unification processes in agrarian entrepreneurs' activity. In the Russian Far East agricultural cooperation and integration was not as widespread as in the Northeastern provinces of China. Despite the fact that agricultural unification processes are essential in ensuring the profitability of agrarian entrepreneurs in the region and Russia as a whole, the process of disaggregation of existing collective associations started with the beginning of market reforms.

Nowadays, in the Far East there are positive examples of development of integration associations. Thus, CJSC «Partizan» is currently engaged in the processing of milk, meat, grain and has its own shops, and even a shopping center which was established in 2009. JSCo «Agroenergo» and «Vyazemsky molochnyi zavod» have a significant increase of production output. But all these integration associations have a single, but not systematic nature. The development of unification processes for agrarian entrepreneur activity in the Far East is determined by the structure of the types of agrarian entrepreneurship in the region. In 2006, the Ministry of Agriculture of the Russian Federation approved the «Development Concept of agricultural consumer cooperatives». Thus, according to this concept, the region in which the share of agricultural organizations in gross production of agriculture is less than 30% needs to correct the existing regulation methods in favor of cooperation. The share of agricultural organizations engaged in crop production is 25.3%. Therefore, the regulation of agricultural entrepreneurship in the Russian Far East should be directed to the stimulation of the unification process development.

The share of private households in the total volume of agricultural production over the period of reforms increased up to 57.1% by 2010, and the share of peasant households (farms) increased to 11.6% (table 2). It should be noted that in the period of the greatest recession of agricultural production volumes, the proportion of private households has substantially increased. Thus, in the period from 1998 to 2000, the share of private households, in total amount of all types of agricultural products (excluding grain), has increased on average to 65%. In potato

production, the share of private households increased to 89.4% (sunflower - 97.9%, vegetables - by 80.6 meat - 65.8% and milk - 68%). In Russia, for the same period, the proportion of private households increased only up to 55% which is lower than the Far Eastern indicators. This is a reflection of the fact that private households play an important role in agricultural production in the Russian Far East and become the most viable during a crisis period.

Table 2 – Production pattern of general types for agriculture production in household nature in the Russian Far East

Household nature	Years					
	1990	1993	1995	1998	2000	2010
Agricultural organizations	76,0	49,3	49,2	29,4	25,0	31,3
Peasant households (farms)	-	8,6	4,8	5,5	5,3	11,6
Private households	24,0	42,1	46,0	65,1	69,7	57,1

Source: <http://www.gks.ru>

Currently, there are a number of problems in small household forms of agrarian entrepreneurship in the Far East of Russia:

1. Lack of sales infrastructure of agricultural products and, as a consequence, high trading markups on food products. This problem is connected to the absence of sales patterns, acting in the interest of producers and infrastructure for the primary processing of agricultural products, storage and transportation. As a result, in the autumn period, farmers are forced to sell their products to intermediate sellers at cost price. Thus, in the Russian Far East, trading markups on a number of agricultural products reach 30%, and the price margin goes not into the revenues of the producers, but remains with numerous intermediate sellers.

2. Decrease in the number of small household forms of agrarian entrepreneurship due to the reduction in the rural population. Weak development of rural areas and the considerable difference in provided services to the urban and rural population are the reasons for the reductions of the number of villagers.

3. Strong competition for national regional producers of agricultural output from the side of Chinese agrarian entrepreneurs. If before on the food market in the Russian Far East the Chinese agricultural production was presented by exclusively imported goods, today the share of output produced by Chinese enterprises on the territory of the Far East of Russia is significantly increased. This type of production has appeared on the regional market with minimal costs (without payment of duties and cost for international transportation), resulting in significantly lower prices of these products in the region.

In connection with all the above, we think that the main method of the agrarian entrepreneurship regulation in the Russian Far East is the activity increase of integration processes in the sphere of agricultural production. In this case, it is necessary to consider using the experience of the Chinese while developing unification processes for agrarian entrepreneur activity in the Russian Far East, including the creation and development of township and village enterprises.

Thus, according to the analysis of Chinese experience, taking into account the administrative powers and financial capabilities of local governments, the following steps for improving agrarian entrepreneurship regulation in the Russian Far East were distinguished:

1. Increasing the social orientation of the regulation;
2. Increasing the share of rural cooperation in the system of financial and credit support for agrarian entrepreneurs;
3. Developing unification processes of agrarian entrepreneurship.

6. Conclusion

Based on the information presented above the following claims may be inferred:

1. Agrarian entrepreneurship is self-sustained (executed on its own risk) activity, which is related with land use and aimed at systematic acquisition of profit from the manufacturing and sales of agricultural products by the entities, registered as such in accordance with the law. The concepts of «agrarian entrepreneur» and «agricultural commodity producer» should be distinguished.

2. Agriculture is not a self-regulated sector of the economy. According to this fact, the activity of agrarian entrepreneurs needs both control and support measures. Regulation of agrarian entrepreneurship is implemented at the government and municipal levels.

3. The southern territory of the Russian Far East and Northeast China are situated at the cross-border area and has similar natural and climatic conditions. The activity of agrarian entrepreneurs in these regions is rather divergent. This, in our opinion, can be explained by the different mechanisms of agrarian entrepreneur regulation in Russia and China.

4. The administrative powers and financial capabilities of the local governments in the Russian Far East and Northeast China are significantly different.

5. Analysis of Northeast China experience has shown a possibility of improving of agrarian entrepreneurship regulation in the Russian Far East, including the powers and capabilities of local governments on the three identified areas.

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