

Czech University of Life Sciences Prague
Faculty of Economics and Management



Diploma Thesis

**Quality Regulation in European Policy Context: A comparative study between the
Russian Federation and Italy**

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Department of Humanities

Faculty of Economics and Management

DIPLOMA THESIS ASSIGNMENT

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European Agrarian Diplomacy

Thesis title

Quality regulation in European Policy Context: A comparative study between the Russian Federation and Italy

Objectives of thesis

The main aim of the Diploma Thesis is to analyze following tasks: to aware with the history of relations between Russia and the European Union since 1991; to carry out the theoretical foundations and principles of operation of agricultural policy with the example of the European Union in special context of EU - Russia relations; to analyze the economic mechanism of Common Agricultural Policy, particularly in a view of implementing the agrarian policy within the member states of the European Union (the case study of Italy, Apulia) and to investigate the specific forms and methods of state regulation, financing and agricultural subsidies (the case study of Italy, Apulia). In particular, the system of quality control and safety of agricultural products in the EU (Italy) will be reviewed and the EU's activity to implement the relevant standards will be evaluated. Russian agrarian policy and the legislation in the field of agricultural support will be analyzed, consequently, information regarding volume and direction of public funding for agriculture will be evaluated. Further, comparative analysis of the legal regulation of agricultural policy in Russia and Italy will be performed.

Methodology

Theoretical and methodological basis of the thesis is a study of various relevant works of Russian and foreign economists, European Union's and Russian statistical sources on agriculture, creation and development of European and Russian agricultural policies, issues of cooperation and integration, as well as basic legal documents and acts. In a certain sequence and in combination the following methods will be used: induction and deduction, the analytical method of classification, comparison, description, graphical method, forecasting and modeling system approach, the method of observation, synthesis, monographic method, interviews (standardized and semi-standardized) with relevant actors will be carried out.

Schedule for processing

Autumn 2013 – elaboration of the theoretical part

January 2014 – elaboration of the empirical part

March 2014 - completion of the thesis

The proposed extent of the thesis

60 - 80 pp.

Keywords

agriculture, common agricultural policy, CAP, EU institutions and bodies, Russian agriculture, quality regulation policy, Russian-European union relations, Apulia region

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- <http://fao.org>
- <http://www.fao.org/fishery/statistics/en> (FAO, FISHSTAT Plus)

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Last date for the submission

March 2014

Electronic approval: March 27, 2014

Electronic approval: March 27, 2014

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Declaration

I declare that I had been working on my diploma thesis titled “Quality Regulation in European Policy Context: A comparative study between the Russian Federation and Italy” by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any third person.

In Prague on 25.03.2014

Irina Bevz

Acknowledgment

It is a pleasure to thank those who made this thesis possible.

First of all, I am very grateful to my supervisor PhD. Blanka Wurst Hašová for giving me an opportunity to do the thesis research. Her serious and precise scientific approach deeply motivated and cheered me. There has always been a sensitive leadership and tireless support, from the choice of topic to the final completion of the work. Her timely guidance and valuable advices have been essential during this research. My heartfelt appreciation and deepest respect to PhD. Blanka Wurst Hašová.

I would like to thank International Relations Office of Czech University of Life Sciences Prague and in particular the warmest gratitude to Ing. Jana Melezínková for providing all necessary information and assistance during the study.

I wish to express my appreciation to PhD. Rocco Roma for making possible to carry out a part of the research at the department of Agrarian Economics at the University of Bari, Italy.

Finally, I acknowledge, with gratitude, my debt of thanks to my parents Bevz Alexander and Bevz Elena who have always been so close to me whenever I needed, supporting and encouraging any my decision. It is their unconditional love that inspires me to set higher targets.

**Quality Regulation in European Policy Context: A comparative study between the
Russian Federation and Italy**

Regulace kvality v kontextu evropských politik: Srovnávací analýza Ruska a Itálie

Abstract

Unfavorable situation in Russian agriculture requires studies of successful and effective agricultural policies abroad. Such research should be part of the work to develop a modern concept of Russian agricultural policy with a particular accent to the quality control. One of such proven examples is European Common Agricultural Policy. CAP is aimed to markets' regulation, economic growth and the development of agricultural production in the EU Member States.

The study describes an example of the policy implementation in the Apulia region, Italy. Emphasis is placed on a product quality control and regulation with the comparison of Russian agricultural policy achievement in a certain region. A mixed method approach was chosen and the results of the qualitative questionnaire were integrated to ensure a more comprehensive understanding of the issue. The results showed the differences in quality food regulations between Italy/EU and Russia. Important conclusions have been done.

Consequently the study illustrates that despite of various difficulties in the agricultural field, Russia makes serious efforts to provide state support to agricultural producers and implement quality policy, complied with the international requirements. The use of Italian experience of implementing the EU subsidies should be comprehensively reviewed.

Keywords: agriculture, common agricultural policy, CAP, EU institutions and bodies, Russian agriculture, quality regulation policy, Russian-European union relations, Apulia region

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Abbreviations

AASP	Agreement on the Application of Sanitary and Phytosanitary
ATBT	Agreement on Technical Barriers on Trade
DG AGRI	Directorate-General for Agriculture and Rural Development
CAP	Common Agricultural Policy
CEE	Central and Eastern Europe
CFP	Common Fisheries Policy
CIHEAM	International Center for Advanced Mediterranean Agronomic Studies
CIS	Commonwealth of Independent States
CMO	Common Market Organization for Wine
COREPER	Permanent Representatives Committee
EAFM	Ecosystem Approach to Fisheries Management
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EAGGF	European Agricultural Guidance and Guarantee Fund
EEC	European Economic Community
EP	European Parliament
EU	European Union
GAL	Gruppi di Azione Locale (Local Action Groups)
GAS	Gross Income Standard
GDP	Gross Domestic Product
GHP	Code of good hygienic practices
GMP	Code of Good Manufacturing Practice
HACCP	Hazard Analysis and Critical Control points
IAM Bari	Mediterranean Agronomic Institute of Bari
IMF	International Monetary Fund
ISO	International Organization for Standardization
ISTAT	Italian National Institute of Statistics
NSP	National Support Programme
OECD	Organization for Economic Cooperation and Development
OSCE	Organization for Security and Co-operation in Europe

PCA	Partnership and Cooperation Agreement
PDO	Protected Designation of Origin
PGI	Protected geographical indication
PIF	Progetti Di Filiera (Chain Projects)
PIT	Progetti Integrati Territoriali (Integrated Territorial Projects)
PSL	Piano di Sviluppo Locale (Local Development Plan)
QA	Quality Assurance-System
R&D	Research and Development
RDP	Rural Development Programme
TSG	Traditional Specialty Guaranteed
UAA	Utilized Agricultural Area
USSR	Union of Soviet Socialist Republics
WTO	World Trade Organization

1. Introduction

Agrarian reforms in Russia with the extreme intensification of the situation in agriculture urgently require research on the real functioning agrarian systems abroad, especially those that are proven in practice to be successful and constructive. Such studies should be a part of the work on developing a modern Russian concept of agricultural policy. For this purpose, it is necessary to have a certain extent of a similar agricultural policy abroad as for example the EU's one. The study of the European Union's Agricultural Policy has independent significance and character, as an important economic phenomenon of the modern world economy with the development of new theory, structure and strategy of agricultural policy.

The research about Agricultural Policy of the European Union is important in terms of some basic principles. Such as to carry out a common policy in the field of agriculture, food and trade with all members of the Union, the transfer of the basic functions and tools of the agricultural policy to supranational faceted, targeted agricultural protectionism in relation to the world food economy, active economic support and government regulation of agriculture and food market within the Union, and a comprehensible structural and social policies in rural areas to create the types of households that are able to make active use of the factors of scientific and technological progress and agricultural intensification.

The importance of this approach emphasizes the urgent need for government and even non-state agricultural regulation. The ongoing work on new concepts of agricultural policy, the definition of the role and place of agriculture in the Russian economy, and the state's role in the industry - all of this requires a serious and constructive attitude to successfully functioning foreign counterparts. In our opinion, the study of the structure of the European agricultural economy, and the stages of formation and evolution of total agricultural policy in the EU especially important not only for Russian conditions , but also in the attempts of creation of a single food market for CIS countries. This is why it provides also primarily the relevance of the chosen topic.

2. Goals and Methodology

The main aim of the Diploma Thesis is to perform the following tasks:

- to carry out the theoretical foundations and principles of operation of agricultural policy with the example of the European Union in special context of EU - Russia relations;
- to review the system of quality control and safety of agricultural products in the EU (Italy) and evaluation of the EU's activity to implement the relevant standards;
- to analyze Russian legislation on agrarian policy, state support and quality control and evaluate information regarding volume and direction of public funding for agriculture;
- to lead the comparative analysis of the legal regulation of agricultural policy and quality control in Russia and Italy;
- to find the ways for improvement of the effectiveness for state subsidies and agricultural support for Russia based on Italian and European Union's experience.

Theoretical and methodological basis of the thesis is a study of various relevant works of Russian and foreign economists, European Union's and Russian statistical sources on agriculture, creation and development of European and Russian agricultural policies, issues of cooperation and integration, as well as basic legal documents and acts as a source of this study, namely, The Treaty of Rome (1957), The Lisbon Treaty (2007), The Treaty of Maastricht (1992) Partnership and Cooperation Agreement (PCA), Road Maps, Common Strategy of the European Union of 4 June 1999 on Russia (1999/414/CFSP), Eastern Partnership, Standards ISO 9000 "Quality management" and ISO 14000 "Environmental management", Agreement on Russia's WTO accession (2012), State program of agricultural development and regulation of agricultural products (2008 - 2012 and till 2020) . In a certain sequence and in combination the following methods were used: induction and deduction, the analytical method of classification, comparison, description, graphical method, forecasting and modeling system approach, the method of observation, synthesis, monographic method, and others.

3. Russian and the European Union: the history of the relations

3.1 Russia after the fall of USSA

Russia has undergone significant economic changes since the Soviet Union collapse and has been developing for the last 20 years on the way from the globally isolated, centrally planned economy to a market, globally integrated economic system. In the course of economic reforms in the 1990s were privatized most enterprises. Meanwhile, the protection of property rights in Russia is still weak, and the private sector is subjected to significant interference from the state.

The changes of the early 1990s could not have affected the economy, causing GDP in Russia for more than 5 years of constant decline. After the collapse of the Soviet Union, the first little growth occurred only in Russia in 1997. However in 1997 had started the Asian financial crisis, which adversely affected the Russian economy. This led to the fact that in 1998 the Russian government has failed to fully provide for the payment of debts, and the following fall of the rouble exchange rate has greatly reduced the already low standards of living of ordinary citizens. Thus the year 1998 left in history as the year of the crisis and large capital outflows from the country (Krivosheev, 1999, pp. 54-56).

Despite such a significant decline, in 1999 the Russian economy began to recover. The main impetus for economic growth was very low exchange rate against leading international currencies, which had very positive impact on domestic production and exports. Then there was the era of sustained economic growth of the country. Sustained economic growth in recent years was possible primarily due to high oil prices, coupled with the structural reforms carried out by the Government of Russia in 2000-2001 (World Factbook, 2012). GDP growth has led to the growth of business confidence and consumers in a better economic future of Russia. Whereupon the inflow of foreign investment in the economy has significantly increased and virtually stopped the outflow of the domestic capital.

Russian industry is mainly divided between the producers of competitive products on world markets - in 2009 Russia was the world's largest exporter of natural gas, the second largest oil exporter and third largest exporter of steel and primary aluminium - and other less competitive sectors of heavy industry, which remain dependent on Russia's

domestic market (Federal State Statistics Service, 2010). This dependence on commodity exports makes Russia vulnerable to world economic crises and highly volatile world prices for commodities. In 2007 the Russian government had adopted an economic program to reduce this dependence and to develop the high-tech sector, but the results of this program are still not fully implemented.

The Russian economy grew by an average of 7% per year since 1998, which led to a doubling of real aggregate net incomes and the emergence of the middle class (Bokareva, 2011, pg. 2). However, in 2008-2009 Russia's economy was once again unprepared for the impact of the global economic crisis. Oil prices have fallen sharply, while foreign investment in the economy significantly declined. Russia's Central Bank has spent one-third of the gold-currency reserves (about \$ 600 billion) to slowdown the devaluation of the rouble. The government also spent about \$ 200 billion to rescue the plan for the implementation of the economy to increase liquidity in the banking sector and to support local companies, unable to return the large external debt (World Factbook, 2012).

Economic decline was overcome in the middle of 2009 and the Russian economy began to grow in the first quarter of 2010: GDP rose to 5.2%, growth of industrial production reached 10.3%. In the second half of 2010, experts predicted strong economic growth by increasing domestic consumption. In 2011, Russia was recognized as a leader in the production of oil, beating with Saudi Arabia (IMF, 2013). However, severe drought and fires in central Russia have reduced the volume of agricultural production, which caused a ban on the grain exports and a slowdown in other sectors such as manufacturing and retail.

High oil prices supported the growth of Russian economy in the first quarter of 2011 and helped Russia to reduce the budget deficit inherited from the crisis of 2008-09., but inflation and increased government spending limited the positive impact of oil revenues (World Factbook, 2012).

Head of the Permanent Mission of the International Monetary Fund (IMF) in Russia Odd Per Brekk officially announced that the non-oil budget deficit is 10% of GDP, so that Russia has become more vulnerable to falling oil prices. In addition, the amount of the Reserve Fund was reduced, which means that in case of crisis, the government will have to resort to borrowing in foreign markets (Nordic investment bank, 2011).

He also considers that the fall of the Russian economy in 2012 in the crisis comparable to the events of 2008-2009, will be less. "If you compare today's Russian economy with what has happened in 2008, means now she is in a better position," said the head of the IMF.

In addition, more flexible exchange rate will also help to mitigate the impact of the crisis on economic activity, declared Brekke. "The banking sector has also a healthy external position than it was in the years 2008-2000," he added (Nordic investment bank, 2011).

In the case of future external shocks, according to IMF economist, crisis management tools may also be involved, which have played a role in previous years.

The Russian economy in 2012 could grow by 4-4.5%. This forecast was announced to "Rosbalt" by the senior analyst of "Zerich Capital Management" Oleg Dushin. "The Russian economy will continue to grow at a rate of 4-4.5%. Russia has influenced by the impact of the Eurozone crisis area, but there exists the potential for growth through the implementation of investment projects (pipelines, sports, roads). Oil prices show no intention to decrease, which gives financial "cushion" to economic growth," said expert (Federal State Statistics Service, 2013).

In addition, the Organization for Economic Cooperation and Development (OECD) has confirmed in December 2011 the forecast for Russian GDP: growth in 2012 will be up to 4.1% in 2013 will be by 4.1%. In general, the OECD advises Russia legally limit the amount of annual increase budget spending, to decline the interest rates and to improve the conditions for foreign direct investment in case of deterioration of the situation on world markets (OECD, 2012).

Long-term problems in Russia include a reduction in the workforce, still high level of corruption, difficulties in obtaining access to capital for small businesses and non-energy companies and the poor infrastructure in need of large investments (Moshes, 2012, pg. 109).

Along with the promotion of functional changes which are directly dependent on government policy, the Government is actively involved in the development of public projects that affect the international image of Russia (such as Skolkovo, the Olympic Games 2014 in Sochi and World Cup 2018 Grand Prix of Formula 1, and etc.) On the eve of the parliamentary and presidential elections in 2012 the Government was concerned

about the increase in social spending in addition to the budget projects, as well as investments into the military fund of the country.

In the international arena, Russia is one of the key players in international relations. It is one of the five permanent UN Security Council members. Russia is also a "G8" industrialized countries, is a member of a large number of other international organizations, including the Council of Europe and OSCE. A special place has occupied by the organizations, created in the former USSR, mainly under the leadership of Russia: CIS, The Eurasian Economic Community, Organization of the Collective Security Treaty, and The Shanghai Cooperation Organization. Russia together with Belarus co-formed an alliance so-called the Union State of Russia and Belarus (Moshes, 2012, pg. 13).

Russia maintains diplomatic relations with 191 countries, has diplomatic missions in 144 countries. Russia does not have diplomatic relations with Georgia (since 2008), Bhutan and the Solomon Islands, and also Tuvalu, which, however, has already agreed to its establishment. The international community has recognized Russia as a state-successor of the Soviet Union. For an international legal point of view it means that Russia and the Soviet Union is the same state. Due to this, Russia continued to implement all international human rights and international commitments of the USSR. Among them are particularly important the permanent member of UN Security Council's, membership in other international organizations, rights and obligations on the international treaties, assets and debts to the other states (World Factbook, 2012).

3.2 Historical bilateral relations

The modern period European Union – Russian relations are of special actuality, the borders of mutual cooperation covers the all spheres of the relations between the organizations, among them the cooperation in the sphere of energy is leading. The mutual relations are being extended on the basis of the contract on partnership and cooperation between Russia and European Union. In this case the factors slowing down the development of the mutual relations is being analysed in details.

Russia takes a special place among the foreign partners of the European Union. In turn, the European Union is one of the major political and economic partners of Russia, with whom Russia develops a relationship of equal strategic partnership (Dov, 2004). At present, there appeared a serious necessity to study and identify new priorities in the

development of economic relations between Russia and the European Union. The transition of the Russian Federation to the economy and market principles in connection with the liberalization in foreign trade is responsible for Russia's integration into the global economy. The background is also closely related to the rapid expansion of the European Union to the east (Kellermann, 2005, pp. 94-120). Therefore, Russia should find the ways to use these features and advantages of the processes, as well as to ascertain the main directions of foreign economic activity of the Russian Federation.

Official relations at the level of the Soviet Union - the EU have been established on March 2, 1989, after the awarding of credentials and the opening of the Permanent Mission of the USSR to the EEC in Brussels. On December 23, 1991 The European Union recognized Russia as legal successor of the former Soviet Union in its entirety (Slugin, 2000, p. 120).

Approaching the borders of the Europe to Russia's borders has a great importance in the development of multilateral partnerships and especially economic relations.

Relations between Russia and the European Union are governed by Partnership and Cooperation Agreement (PCA), signed on June 24, 1994 on the Corfu Island (entered into force on December 1, 1997). The preamble to the agreement referred to the historical path of development of relations between Russia and the European Union, there was a need to develop the cooperation. The Agreement defines the main objectives, directions and mechanisms of cooperation. The document includes a program of economic cooperation, involving all sectors of the economy, and provides a permanent political dialogue of the partners. It was known that at the time of signing the treaty, Russia lived in the transitional economic period. Due to this the Agreement should to take a form of cooperation that could help to accelerate the process of establishing a market economy. At last, in November 2002, the European Union has recognized the market status of the Russian economy. It was expected that by signing the agreement new conditions for economic relations between the parties will be created, in particular will be developed the trade and investment relations (Partnership and cooperation agreement, 1994, pg. 3).

PCA provides a legal basis of relations at the present stage for economic, political, social and cultural issues. On its basis, a number of bilateral acts, regulating individual social relations between Russia and the European Union, came into force. These include: the Agreement between the Government of the Russian Federation and the European Coal

and Steel Community on trade in certain steel products in 2002, the Agreement between the Russian Federation and the European Community on trade in textile products in 1998, the Agreement between the Government of the Russian Federation and the European Community on cooperation in science and technologies in 2000. On June 1, 2007 came into force, the Agreement between the Russian Federation and the European Community on the facilitation of issuance of visas to the citizens of the Russian Federation and the European Union and the Agreement between the Russian Federation and the European Community on readmission. Enforcement mechanism of readmission is bilateral and multilateral agreements. Their conclusion is one of the priorities of the EU migration policy. The first such agreement between Russia and Lithuania was a condition to sign the agreement on a simplified procedure of transit to the Kaliningrad region (Moscow State Law Academy, 2009).

Since 2004 the enlargement of the European Union has led to more cautious relations between the European Union and the Russian Federation. Former socialist countries joined the European Union (Czech Republic, Estonia, Latvia, Lithuania, Poland, Slovenia and Slovakia). Thus, the adoption of a new Agreement was prevented by so-called the issue of “Polish meat”: in November, 2005 Russia imposed an embargo on the supply of meat and vegetables from Poland on suspicion that Poland re-exported these products from countries in dangerous phytosanitary and veterinary terms. In response, in November 2006 in Helsinki on the EU-Russia summit Poland vetoed the start of negotiations on a new agreement between Russia and the European Union, demanding as a precondition for its removal cancellation Russian ban on imports of Polish meat and vegetables (European Commission, 2006). The same situation was repeated on the EU-Russia summit in May, 2007 in Samara region. In late 2007, the conflict between Poland and Russia has been resolved (European Commission, 2007).

Mutual cooperation between Russia and the European Union's economic plan is based primarily on trade relations. The EU 28 with its population of 504.5 million (2013), 15% of world trade in goods (2012), largest importer €1,794 bn (2012) and first exporter €1,686 bn (2012) is today the most important trade partner of Russia. Its share is over 35% of Russia's foreign trade and about 33% of all foreign investment in the Russian economy (Permanent Mission of the Russian Federation to the EU, 2013). Therefore, the analysis of the relations between the EU and Russia now has greater relevance.

The key vector of the cooperation between Russia and the EU at the current stage is a work to adopt a single package of Road Maps for the creation of the four Common Spaces:

- common economic space (open and integrated EU-Russia market, removing of trade barriers and investment, transparency and non-discrimination) ("Roadmap" for the Common Economic Space, 2005),
- common space of freedom, security and justice (combating illegal migration and illegal cross-border activities, compliance with generally recognized principles and norms of international law, free and independent media) ("Roadmap" for the common space of freedom, security and justice, 2005),
- external security (combating terrorism by information exchange, preventing of mass destruction weapons distribution) ("Roadmap" for the common space of external security, 2005),
- research and education, including cultural aspects (simplification of visa issuance by the EU towards scientists from Russia, the integration of cooperation within the European Higher Education Area in accordance with the Bologna process) ("Roadmap" for the common space science and education, 2005).

The Spaces were approved at the summit EU - Russia May 10, 2005 in Moscow.

Memorandum of establishment of dialogue in the field of agriculture and rural development within the Road Maps was signed on April 11, 2006 in Moscow. The Parties discussed approaches to policy for rural areas development, the implementation of innovative technologies, the state of the individual markets of agricultural products in the EU and Russia in order to define the ways of increasing employment and income in rural areas.

In the period from 31 May to 1 June 2012 in Moscow, the VII International Symposium "EU - Russia: Cooperation in the field of biotechnology, agriculture, forestry and food in the 7th Framework Programme" took place. The purpose of the symposium was to discuss the recently adopted comprehensive program of biotechnology in Russia till 2020 – "BIO 2020" and its impact on the further development of EU-Russia relations in this area. European experts stressed that the approval of the Program marks a new stage of economic development. This document will be the basis of formation of a new type of

Russian economy - the bioeconomy. It was also noted that the EU - Russia Symposium on a regular basis makes possible to consider in detail the current state of affairs in the various thematic sectors of the economy, but also to develop the priority areas of mutually beneficial cooperation between Russia and the EU (VII International EU-Russia Symposium, 2012).

According to statistics, the EU is accounted by half of Russia's foreign trade. The EU member-states are the largest direct investors in the Russian economy. In 2011 the trade exchange between Russia and the EU reached \$ 286.4 billion, which is 31.4% higher than the same period last year. From Europe to Russia come mainly machinery and equipment, industrial goods and consumer goods. The EU is the main source of Russia's modern technology. Russia mainly acts as an energy supplier. The share of "Gazprom" in the supply of natural gas to Western Europe is 25%. Estonia, Lithuania, Latvia and Slovakia are almost entirely dependent on Russian gas. Hungary, Poland and the Czech Republic have two-thirds or more. As for oil, Russia supplies 44% of its total imports to the EU (European Commission, 2013).

Russian import of European products is almost nine times greater than exports to Europe and is about 8 billion euros, while exports from Russia to the EU - less than 1 billion euros. One of the reasons is that there are very strict EU standards of phytosanitary regulations for suppliers of agricultural products and the need to pass the veterinary certification, in particular, for producers of meat and dairy products to be eligible to import their production (Reg. (EC) n. 1698, 2005, pp. 3-6). According to recent reports, such certification has been passed by very few Russian enterprises. High level of subsidization of farmers in the European Union and the significant volumes of export subsidies in the EU are also the obstacles of Russian export to the EU.

On 28th Russia - EU Summit in Brussels on 14-15 December 2011, has been discussed several issues relating to the Free Trade zone and the abolition of visas (European Commission, 2011). In 2012, there was a proposal to launch the new agreement between Russia and the EU. Such negotiations have been already going for a long time. In 2014 is planned to begin the dialogues on a comprehensive agreement on Free Trade and Investment to sign it by the end of the year. This agreement should not only eliminate all tariff barriers to trade and investment cooperation, but also to eliminate non-tariff barriers (European Commission, 2014).

On 31st Russia-EU Summit, taken place on 4th of June 2013, Russian President Vladimir Putin, President of the European Council Herman Van Rompuy and European Commission President Jose Manuel Barroso discussed current issues of cooperation in trade, economic and humanitarian spheres, and the prospects for improving the legal framework of EU- Russia relations. Particular attention is paid to work on a new basic agreement between Russia and the European Union to meet the evolving processes of Eurasian integration. They had also discussed issues of cooperation in energy, security, combating drug trafficking (Permanent Mission of the Russian Federation to the EU, 2012).

More important, nevertheless, is offering investment cooperation, including investment by EU companies in the production, processing and trade of agricultural food destination (especially for the Russian market), and feed and energy use (primarily for export to the EU). Subsidiaries of the leading agro-food corporations, the EU already control 40% of the Russian market of dairy, sugar, and fat products Preserved.

Natural and the nearest market is Russia, where the EU is already dominating the place. EU sends 10% of its agro-food exports to Russia, covering more than 30% of its imports. The dependence of ensuring price level on a number of products on the Russian market from the supply of the EU is even higher. Further, this pressure will only increase. With the Russia's entry into the WTO in July 2012 the competition with the EU in these circumstances may be difficult for Russia. However, there is unlikely a significant expansion of the Russian agro-food exports to the EU, except the certain positions (sunflower, canola, vegetable oil, feed wheat, and beef), especially with the likely introduction of Brussels new security measures (World Factbook, 2013).

In addition to significant benefits for the domestic development, each of the partners will acquire a political formula for a stable long-term relationship. It will also have also the international political importance. The Union of Russia and Europe, based on mutual interests of harmonization, is the basis of the structural stability of Eurasia.

Today, the legal basis of relations between these entities is created. It consists of the Agreement on Partnership and Cooperation and the whole complex of bilateral agreements in various fields.

Long-term goal of cooperation between Russia and the European Union is a creation of a common economic space, common space of security, justice, science and

culture. One way to achieve it is to have a harmonization of laws. Here Russia may consider the experience of the European Union. It is reasonable to use it wisely in the reform of Russian legislation.

3.3. Russian point of view on the EU enlargement

At the present stage, if we look at the dynamics of the European Union's relations with Russia, we can see the status of the controversial co-operation. The fact that half of the foreign trade turnover falls to the share of the European Union, shows that the European Union turns into a major trading partner of Russia.

External relations of the European Union are extremely sensitive issue. Its geographic, cultural, religious identity to the last enlargement remained unchanged. And now the spread of the European Union to Russia's borders, including the question of Turkey's and Ukrainian membership, sets the EU faces the prospect of the transformation into the Eurasian Union. Oil and gas pipelines that run through Turkey and Russia create new opportunities for the emergence of trade linking Asia and Europe. This, in turn, is the extension of European values in the region, formation of more liberal and democratic societies.

The belief that today the spread to the East leads the European Union to the potential confrontation with Russia, tomorrow will not justify itself. Since diplomatic relations between two giant centres of power will undergo major changes, as a result of the desires of some CIS countries to become the members of the European Union. The outlines of the Russia-EU dialogue are gradually expanding and new directions of development of relations are appearing (Kellermann, 2005, pp. 94-120).

Currently, five countries have the status of the EU candidate: Iceland (applied in 2009), Macedonia (2004), Serbia (2009), Turkey (1987), and Montenegro (2008). With Macedonia, Montenegro and Serbia have not yet started accession negotiations. The rest of the Western Balkan states signed the Agreement on Stabilization and Association Process, which has already entered into force for Albania, Macedonia, and Montenegro, and that usually precedes the filing of an application for membership. Albania has filed a petition in April 2009, but the European Commission has not made a decision on it. On December 1, 2011 EU Council formally approved the adoption of Croatia in the EU member states as from 1 July 2013. As a result Croatia has become the 28th member of the EU in July 2013

(Communication from the Commission to the European Parliament and The Council, 2014).

EU project "Eastern Partnership", aiming at the development of integration the EU and six former Soviet republics - Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine - was first introduced in May 2008. For a long time the official position of the Kremlin towards the "Eastern Partnership" was quite restrained. That's what said in May 2009 Russia's permanent representative to the European Union Vladimir Chizhov: "Our position is not to oppose "Eastern Partnership"... For us it is important that what is being done within the framework of this initiative was not directed against Russian interest to the artificial separation of these countries to cooperate with Russia." Russia's permanent representative to the EU said that Moscow would not oppose even the entry of former Soviet republics into the European Union. "The main thing is that it will not create new dividing lines in Europe" - said Vladimir Chizhov (The Voice of America, 2013).

On 28 and 29 November in Vilnius the summit of "Eastern Partnership" took place, during which it was initially planned to sign the EU Association Agreement with Armenia, Georgia, Moldova and Ukraine. However, on 3 September during a visit to Moscow, President Serzh Sargsyan signed a document on his country's intention to join the Customs Union and in the future to participate in the creation of the Eurasian Union. These actions automatically meant that Armenia will not sign the Association Agreement with the European Union.

November, 21 - a week before the Vilnius summit - the Ukrainian government has suspended preparation to Association Agreement with the EU, citing the need to develop economic ties with Russia and other CIS countries. As a result, Ukraine has not signed an association agreement. But negotiations over the integration of the EU and Ukraine will be continued on bilateral summit to be held in Kiev in March 2014. (European Commission, 2013).

Therefore the expansion of the EU for Russia has both pluses and minuses. On the one hand, the imposition of tariff barriers and non-tariff regulation of Russian export carry out the losses on fuel and energy products (especially with regard to Hungary, Lithuania, Poland, Slovakia), chemical products (which Lithuania and Poland), in the field of metals and products from them (Lithuania, Poland) and some other items. Losses expected to Russian suppliers of aluminium, fertilizer, and a number of other chemical products. This

means the rise in export prices for Russia to the countries - members of the EU due to increased rates of customs duties, which may lead to loss of competitiveness in the market and, consequently, to stop the Russian export of certain commodities.

The reorientation of trade flows of CEE countries to the EU could lead to underutilization or slow the development of Russian foreign trade infrastructure (merchant fleet, ports, freight terminals, roads, electricity, pipelines, etc.) in the Western European area. The distribution of the EU policy on the joint countries in the anti-dumping field can bring to Russia the real economic losses. Thus, the annual loss only on the introduction of EU anti-dumping duties (additional factor of more expensive exports) are estimated to be as high as \$ 55 million due to a complete withdrawal of a number of Russian exports from the market. EU enlargement affects Russia's exports of energy products. This is especially stringent standards in terms of diversification of supply - no more than 25% from the same source. These proportions in the new EU members are adjusted downward the Russian share of imports of energy resources. Also, appeared the problems related to reduction of competitiveness of Russian agricultural producers and the strengthening of measures to control the epizootic situation within the EU (Kashkin, 2012, pp. 112-150).

On the other hand, it should be noted, that EU enlargement has a number of significant aspects that are favourable for the Russian economy, especially in long-term strategic plan. There are uniform rules of competition, the standardized rules of trade and transit, stability calculations, protecting the Russian intellectual property, and much more. The experience of many years of economic cooperation between Russia and the EU gives many examples of effective use of these advantages.

4. Analysis of the European Union Agricultural Policy

4.1 Goals of the agricultural policy

A unique partnership has allowed the EU to gain a level of global influence that each member state could not achieve on its own. Goods, people and services can move freely throughout the EU and more than half of its 28 member states have adopted a common currency. Increased integration benefits the EU with reduced technical, regulatory and legal barriers. Decisions are made at the supranational EU level for some policies, including agriculture, fisheries, trade, and regional development, while decision-making related to public services, taxation and social welfare occurs mainly at the individual country level. Member states have “inter-governmental cooperation” for foreign policy, security, immigration, defense, and justice.

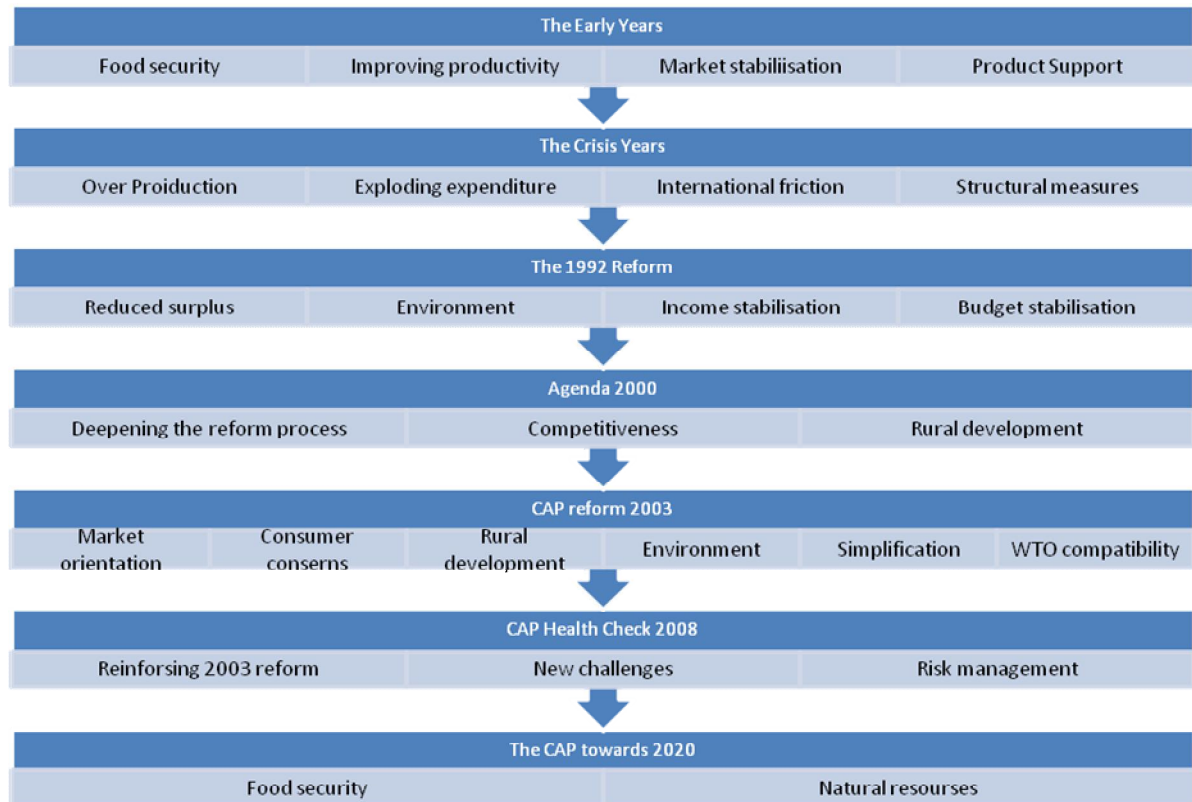
Creating of Common Agricultural Policy (CAP) was projected by the European Commission. The proposal followed after the signing of the Treaty of Rome in 1957, which had created the Common Market. The six member states individually strongly defended its agricultural sector, especially in the area of what they produce, supporting commodity prices, depending on how the farming was organized. Such interventions were as barriers to free trade in goods, because the rules and regulations were different from country to country (Treaty of Rome, 1957, pp. 16-20).

Moreover later on free trade became mismatched with the interventional policies. Some member states, especially France, and all the professional farming organizations would maintain the strong state intervention in agriculture. However, it could only be saved in the way of harmonization the policy transfer into supranational level of the European Communities (Figure 1).

By 1962, there were established three main principles of the CAP:

- 1) market integrity;
- 2) community preference products;
- 3) financial solidarity.

Figure 1 Historical development of the CAP



Source: European Commission. Directorate-general for Agriculture and Rural Development. *History of CAP*. [on-line]. Viewed at: <http://ec.europa.eu/agriculture/cap-history/index_en.htm>.

Since then, the CAP became a central element of the European institutional system. The Agrarian Policy is often interpreted as the result of a political compromise between France and Germany: German industry will have access to the markets of France, and, in turn, Germany will help to pay to French farmers. Germany is still the largest contributor to the EU budget, however, France is also a donor to the budget, and such as agricultural countries like Spain, Greece and Portugal are the biggest recipients. Traditional rules apply to the new member countries, which limits the subsidies they receive (European Commission, 2012).

The Article 38 of the Treaty on the Functioning of the European Union & comments Part 3 - Union policies and internal actions Title III (The Lisbon Treaty) defines agricultural products as “the products of the soil, of stockfarming and products of first-stage processing directly related to these products”. It says that “the internal market shall

extend to agriculture and trade in agricultural products...and must be accompanied by the establishment of a common agricultural policy” (Treaty of Lisbon, 2007, p. 3).

The Treaty of Rome 1957, in contrast to other areas of integration, outlined in detail the basic principles of the Common Agricultural Policy (CAP), its aims, objectives, and ways of financing joint activities.

The need of the policy regulation is determined by the following factors:

- objective instability of agricultural production;
- distinct social and political nature of the demand in this area;
- commitment to price stability to reduce uncertainty
- the desire to improve the efficiency of agriculture, as a means of increasing the income of farmers;
- conservation of resources and protection of the environment;
- agricultural policy requires huge expenses.

The original objectives of CAP were set out in Article 39 of the Rome Treaty, 1957:

1. Increase productivity by promoting technical progress and by ensuring the optimum use of the factors of production, mainly labor.
2. Guarantee of a fair living standards for the rural population.
3. Market stabilization
4. Secure access of supplies
5. Providing consumers with food at reasonable prices (The Treaty of Rome, 1957, pp. 1-4).

According with the determination of European commission Common Agrarian Policy is the integrated system of measures which works by keeping the prices of goods in the EU and production subsidies. CAP functions by the set of principles: market unity, the priority of European products, financial solidarity and shared responsibility.

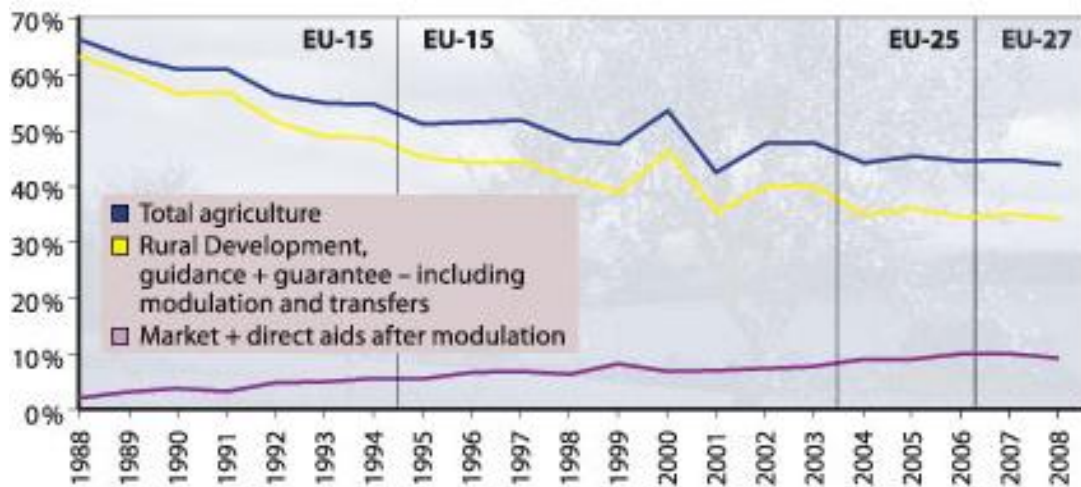
First, it is the *unity of the market*. Before the formation of EEC almost all member states have their own rules to regulate the market for agricultural products. During the formation of the Common market all these rules were to be replaced by uniform rules and regulations. Today, almost 98% of all agricultural products are under the rules of the Common Agricultural Policy (European Commission, 2013).

Second, it's *preferences for goods from the Community*. This principle of the Common Agricultural Policy is one of the most important, because it protects the common market of agricultural products from cheap imports and guarantee farmers' incomes. The major threat to agriculture comes from the Community imports of products from countries where production costs lower, and large-scale farmers receive government's support. The basis of agricultural integration policy is a common customs barrier of the EU towards third countries from which the import of agricultural products imposed by compensation duties. They are designed to eliminate the difference between domestic prices of "Green Europe" and the lower-priced food suppliers. This difference is the most significant, since from 1 January 1958 the prices of majority of agricultural products were set at 30% above the world. Most of the fees (90%) charged in the Member States, are sent to the general budget of the Community. Thus, the Common Agricultural Policy indirectly funded by food suppliers from the third countries (European Commission, 2013).

The third principle of the common agricultural policy is the *principle of financial solidarity*. In accordance with this principle, all EEC states carry out the Common Agricultural Policy. In 1962, the European Agricultural Guidance and Guarantee Fund (EAGGF) were established. Inclusion of agriculture into integration process required the creation of a special interstate fund to finance the Common Agricultural Policy in order to bring up the level of development, concentration and specialization of production, accumulation of capital up to the industry level (Council of the European Union, 2014).

According to the purpose EAGGF funds were distributed in two main divisions: the guarantee and orientation. 90% of EAGGF - Guarantee Fund – was used to maintain the common agricultural prices, introduced since 1962, as well as export subsidies of Community agricultural products, second after the U.S. About 75% of the funds were spent to maintain the stability of the dairy products, sugar and grain. Orientation fund was used to finance the activities for farms consolidation, promotion of agricultural production, and changes in the agrarian structure, i.e. the development of the agricultural complex. The aggregate EU budget has been a source of. The financing costs of the Common Agricultural Policy in the different years ranged from 54% to 76% of the Community budget expenditures (Reg. (EC) No 1290, 2005, pp. 2-7) (Figure 2).

Figure 2 Agriculture in percentage of EU total budget (Commitments)



Source: European Commission. *Agriculture and Rural Development budget. Agriculture and Rural Development*. Viewed at: <http://ec.europa.eu/agriculture/cap-funding/budget/index_en.htm>.

In EAGGF received compensatory fees from importers of agricultural products, determined by the difference between the guaranteed "protection" prices established in the Community to many of these products, and the world prices. Guaranteed prices are the prices used in buying over-production in the EU, which is stored or exported. Through the fund exporters receive subsidies equal to the difference between domestic and world prices. The CAP has repeatedly been a source of major disagreements between the partners of the EU and the cause of the crisis in the finances. However this is the main brainchild of the EU and the most integrated industry (Reg. (EC) No 1782, 2003, pp. 1-10).

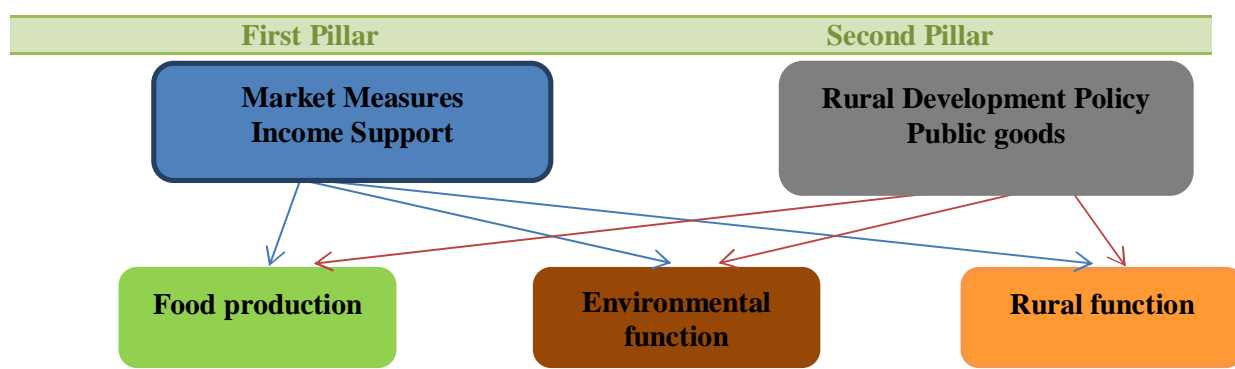
Later on the fund together with European Agricultural Fund for Rural Development (EAFRD) were replaced on the European Agricultural Guarantee Fund (EAGF) by Council Regulation (EC) No 1290/2005 of 21 June 2005 on the financing of the CAP. The EAGF entered into force in 2007. Its' guidance is proceeding by the European Commission with the assistance of the rural development programs of the Member States (European Commission, 2013).

"Deciding how much the EU will spend – and what on – is a democratic process. Every year the European Commission proposes a budget for the following year, covering each policy and programme elected representatives in the European Parliament and EU Council decide on the spending plans. Once the money has been used, the Commission must report back to the Parliament on how it was spent. The expenditure is also subject to

scrutiny by the European Court of Auditors.” (European Commission, 2013). Budget planning happens each spring for the next year. The EC proposals are then discussed and modified by the Council and the EP. Agreement must be extended by all member states, and the final budget must be approved in December of that year. Each year, budgets are updated to take account of growth and inflation, but they cannot be in deficit. Annual budgets are part of a seven-year financial framework, which currently covers the period from 2007 to 2013. These frameworks allow the EU to plan programs for several years in advance. The budget funds EU institutions and policies. It is equivalent to about 1% of EU gross national income or 235 euro per person. The revenue to fund the budget is sourced from import duties, a consumer value added tax, and an additional contribution based on each member state’s gross national income (European Communities, 2013).

The EU has relatively limited fiscal responsibility with the exception of expenditures on agriculture. Although spending under the CAP accounts for the largest share of the EU budget, member states further support their agriculture sectors, subject to EU constraints. In 2002 member states agreed to put financial limits on the CAP despite the additional agriculture expenditures anticipated from the impending 2004 enlargement by 12 new member states. Costs related to direct payments and agriculture market measures (the so-called Pillar 1 of the CAP) were limited to approximately 2006 levels over the 2007-2013 budget. However, no spending limits were put on rural development framework policies (Pillar 2 of the CAP). Significant reforms of the CAP occurred in 2003 and subsequently, designed to further accommodate the 2004 EU enlargement, particularly in light of the financial discipline applying to the 2007-2013 budget (Figure 3).

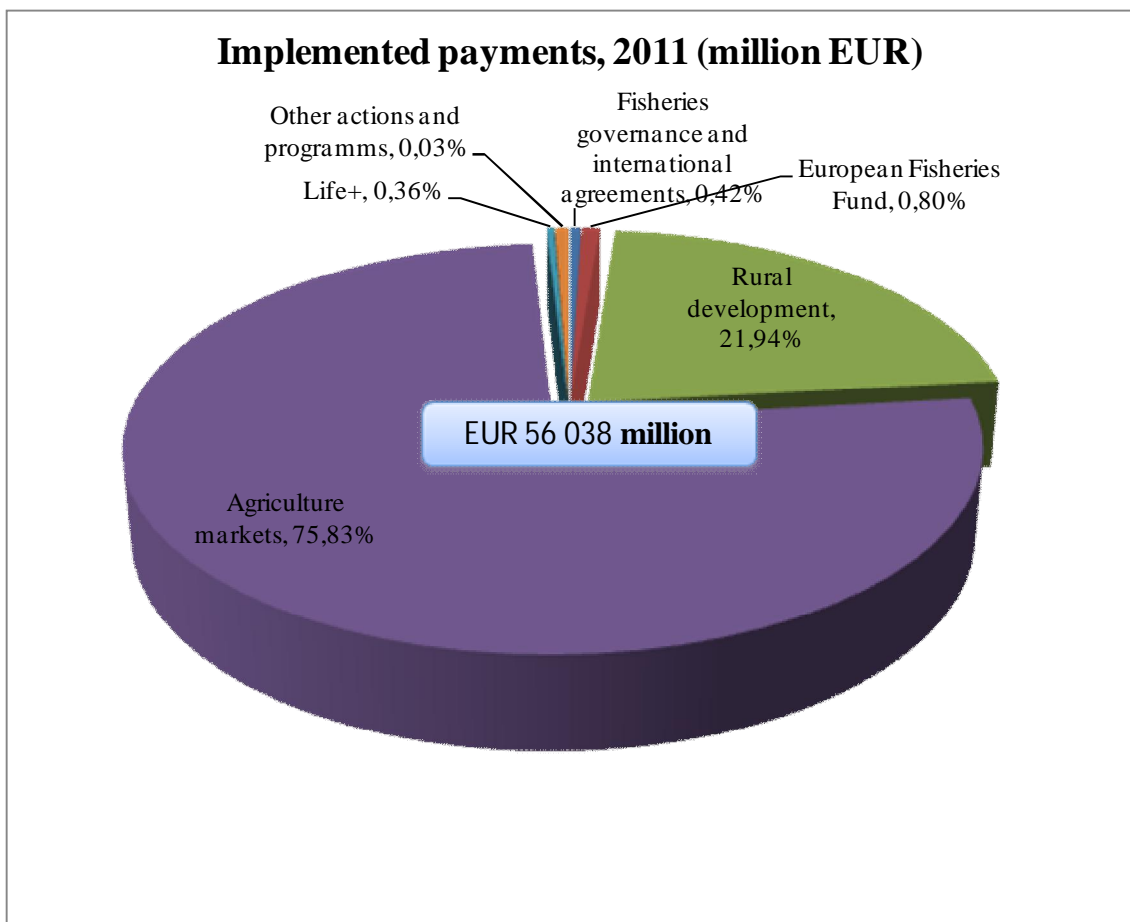
Figure 3 EU CAP pillars



Source: Own picture

BBC News, reporting about the reforms of the EU policy, say that the budget for local-level subsidies and rural development in 2010 was 58 bn euros, was is about 47 % of the total EU budget, that equals 123 bn euros. The direct payments alone composed 43 bn euros. In turn, the regional aid (“cohesion” funds) as the next biggest EU budget spending, receiving 36 bn euros (BBC News Europe, 2012) (Figure 4).

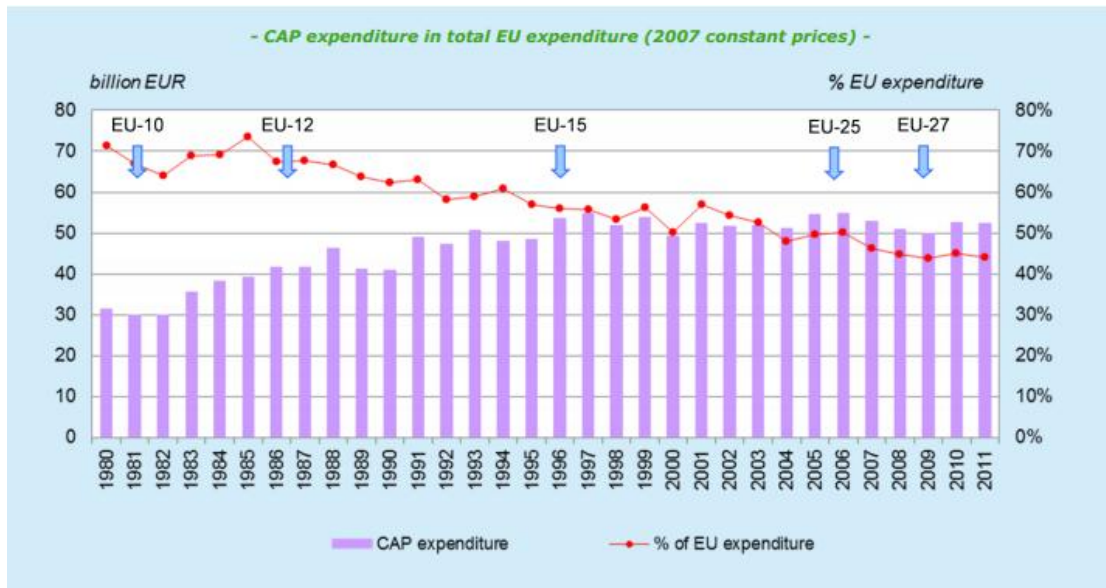
Figure 4 EU budget expenses



Source: European Commission. Financial programming and budget. *Library: documents 2012* [on-line]. Viewed at: <http://ec.europa.eu/budget/biblio/documents/2012/2012_en.cfm>.

“This graph shows the development of CAP expenditure over the years as share of the EU budget. This share has decreased very sharply over the past 25 years, from almost 75% to 44% in 2011. This decrease has taken place despite the successive EU enlargements. This downward path of CAP cost in the EU is due mainly to the CAP reforms and to the increase of other EU policies” (European Commission, 2013) (Figure 5).

Figure 5 CAP expenditure in total EU expenditure (2007 constant prices)



Source: European Commission. Agriculture and Rural Development. *CAP expenditure in the total EU expenditure* [on-line]. (PDF). Viewed at: <http://ec.europa.eu/agriculture/cap-post-2013/graphs/graph1_en.pdf>

2011 CAP = 42 percent of the budget (in 2014 expects 38 percent)

1970 CAP = 80 percent of the budget

The CAP has been steadily falling as a proportion of the total EU budget for many years. In 1970, when food production was heavily subsidized, it accounted for 87% of the budget.

EU member states agreed in 2002 that spending on agriculture (though not rural development) should be held steady in real terms in 2006-2013, despite the admission of 10 new members in 2004. Eight of these 10 are former communist states in Central and Eastern Europe. For the new member states - including Bulgaria and Romania, which joined in 2007 - direct EU payments to farmers are being phased in gradually.

The eastward enlargement increased the EU's agricultural land by 40% and added seven million farmers to the existing six million (BBC News Europe, 2012).

EU member states facilitate both to the management and the funding of agricultural programs. Individual member state funding that is as well to budgeted CAP expenses is called State aid. In 2005, State aid was estimated to account for about 25% of total expenditures on agriculture in the 25 member states, while CAP expenditures represented

the remaining 75%. CAP programs related to rural development (Pillar 2) are jointly funded and managed by the EU and member states. Depending on the activity, member states co-finance these programs at a rate varying between 15% and 80%. In terms of management, the EC is responsible for adopting EU strategic guidelines for rural development policy, while member states are responsible for preparing a National Strategy Plan to implement the programs. CAP programs under the budget for Agriculture (Pillar 1), on the other hand, are generally funded by the EU, and either managed centrally by the EC or jointly by the EC and the member state. Member state top-ups may occur under Pillar 1, such as new member state top-ups to direct payments given a specified rate and phase-in period. A number of activities under Pillar 1 related to the functioning of markets and direct payments are jointly managed. In general, the EC is responsible for regulating and funding these joint programs, while member states are responsible for their delivery and the administration costs associated with them (European Commission, 2013).

Agricultural ministers of the EU countries finally approved all agreed parameters of the CAP for the period 2014 - 2020 years. Thus, in 2014 - 2020 to agriculture will be allocated 38 % of the 960 billion euros. As noted on the website "Euroarchive", during the following seven years European farmers will be receiving an assistance of 408.3 billion euros. At the same time it will be spent on subsidies 312.7 billion euros. This is 76.6 % of the total agricultural budget. 23.4% or 95.6 billion euros will be allocated to the development of rural areas. The size of the annual EU budget is 960 billion euros (European Commission, 2014).

In the course of negotiations and discussions, it was decided to pay subsidies focusing on the preservation of the environment. It was also decided to increase the share intended to support young farmers, owners of small farms and farmers practicing organic (natural) agriculture. In addition, up to 30% of farmers receive subsidies, practicing crop rotation, pasture and nature preserve, etc.

Changes will occur in the mechanism of payments to farmers of new and old EU member states. Payments will gradually increase in those regions, where currently they are obtained within less than 90% on average in Europe. Ministers said so: the purpose of the reform is the emphasis on the protection of ecology and a more equitable distribution of subsidies.

Now the European Commission should develop a plan for the implementation of the reforms. All matching and search for compromise will take time, so fully all provisions of the reform would not work until 2015 (Directorate general for internal policies, 2013).

Farmers' organizations in general have welcomed the result of reform. Losses for farmers have been minimal.

As noted in a recent report by the Paris-based Organization for Economic Cooperation and Development - OECD - Agricultural Policy of the EU for the period 2014 - 2020 years does not provide a significant change in the general policy of full support to agriculture and the size of this support (OECD, 2013).

Public funds accounted for nearly 19% of the income of farmers in the EU last year, despite the historical downtrend in this area. The EU has allocated 83 billion euros to agricultural producers in 2012, which is almost one fifth of farmers' income.

4.2 EU law and institutions in context of the CAP

According to Article 33 of the Treaty establishing the European Community, the Common Agricultural Policy, with the European Union and the member-states are jointly responsible for, aims to ensure reasonable prices to consumers and a fair return to agricultural producers. This purpose is served by the market organization and specific guidelines put forward by Stresa Conference in 1958: single prices, financial solidarity and the priority interests of the community (Treaty on European Union, 2006, pg. 26).

With a market included 495 million people from 27 countries Common Agricultural Policy is one of the most important policy areas of the European Union (the cost of agricultural tasks make up 45% of the Community budget). Despite of the other policies carrying out at the individual country level or inter-government collaboration, the EU agricultural sector is running at the supranational level. The CAP supervision contains several working groups and management committees, with the member states representatives, typically meeting once a week to fix prices. Until 1 December 2009 the European Parliament had no co-decision role in relation to agriculture. It could only be heard through the consultation procedure.

The Lisbon Treaty presents the co-decision system for the EU agrarian policy, thus the European Parliament will be able to pull out the adjustments and veto based laws. Nevertheless price regulation stays on the Council's competence. Decision-making

provides by three EU organizations: the Parliament, the Council, and the Commission (The Treaty of Rome, 1957, pp. 15-33). It starts usually when the Council prepares first text draft on the certain agricultural issues. The Council, on a proposal from the Commission, may approve the conceding of aid:

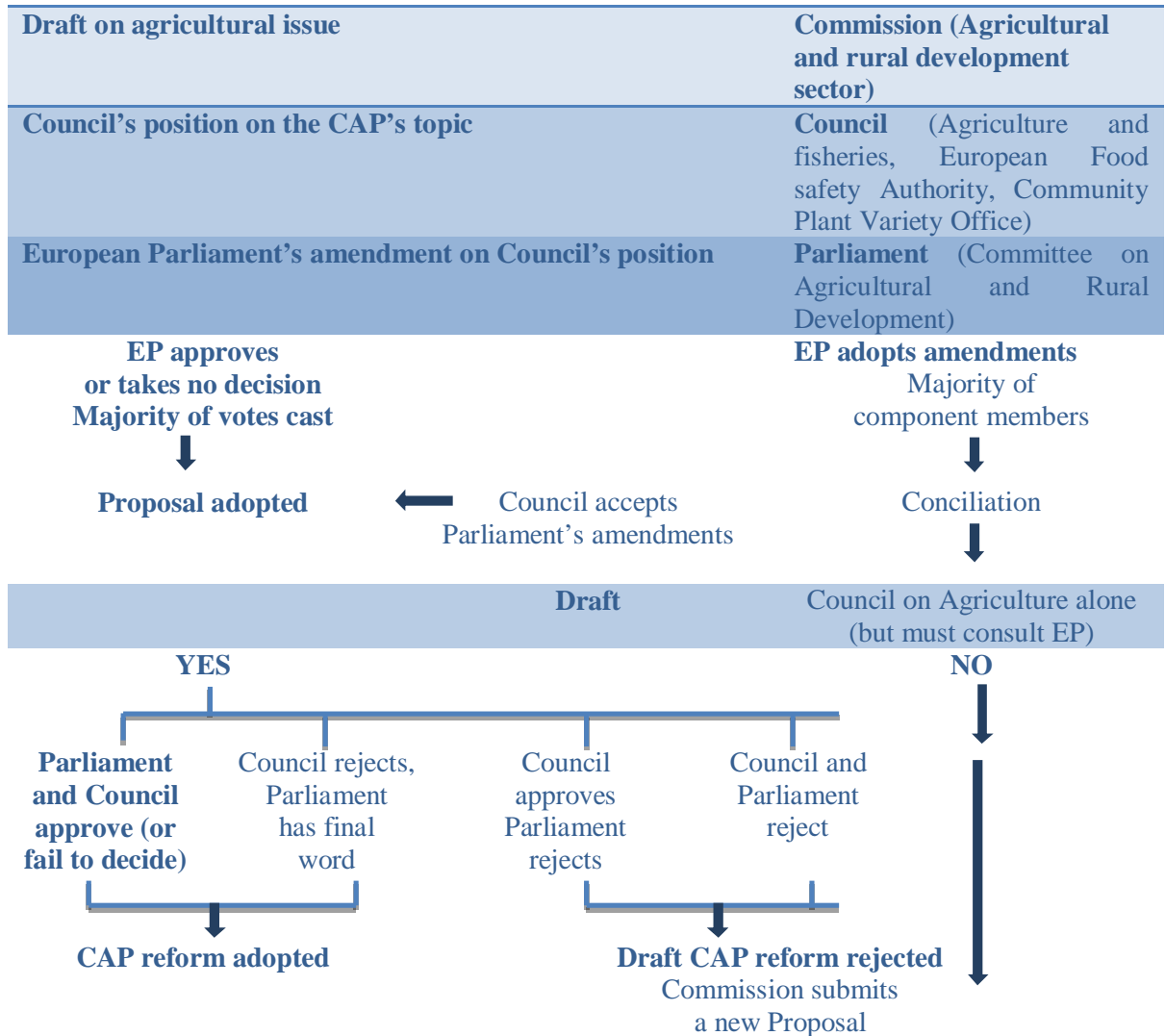
- for the protection of enterprises handicapped by structural or natural conditions;
- within the framework of economic development programs.

Follows the Council, the Commissioner for Agriculture negotiate with state farm ministers to complete a final text. The ministers from the member-states vote on Council's decisions. Decisions are taken by a qualified majority of the Council after the hearing in the European Parliament.

“A dispute with France over majority-voting led to the empty chair crisis and the Luxembourg Compromise in 1965” (Agriculture and Agri-Food Canada, 2010).

A qualified majority (minimum 74% of votes) must be in accord for decisions linked to agriculture. In accordance with Article 43, the Commission shall introduce proposals for drawing-up and ensure the CAP. The European Parliament and the Council, acting according to the common legislative process and after referring the Economic and Social Committee, shall launch the common framework of agricultural markets and the other provisions compulsory to fulfill the objectives of the common agricultural policy and the common fisheries policy (The Treaty of Rome, 1957, pp. 29-54) (Table 1).

Table 1 CAP decision-making within EU institutions and bodies in action



Source: European Union. *Agriculture* [on-line]. Viewed at: <http://europa.eu/pol/agr/index_en.htm>.

The Directorate-General for Agriculture and Rural Development (DG AGRI) is in charge for the carrying out of agriculture and rural development policies. He is coped with other DGs who act with structural policies. DG AGRI has around 1,000 of staff and is consist of 12 Directorates allocating with all CAP issues, as well as market measures and direct aid to farmers. By providing the common agricultural policy, the European Union pursues to reach a level playing field for farmers through the member states. DG AGRI also collaborates to other EU policies in sectors such as food safety, environment, and trade. The Commission acts along with the “subsidiarity principle”: subjects are dealt with at the lowest possible level. It makes a legislative proposal within the EU level only if an

issue is not probable to solve more competently by national, regional or local forces. If the Commission completes that EU legislation is needed, its proposals are wished-for to satisfy the widest possible kind of interests. These proposals should be in the interest of the all member states, but not of certain country or business (European Commission, 2014).

The President of the Commission decides which Commissioner is in charge for which policy area. Each Commissioner presents a proposal on a specific policy area. However, then the European Commission takes the common decision on certain law draft. With regard to the CAP, the decisions are taken strictly at the EU level. The Agriculture Commissioner consults key Directorate-Generals in the Commission, such as those responsible for Trade, Environment, Budget, and Health (including Animal and Plant Health, Food Safety, and Animal Welfare). This process can be contentious and proposals are sometimes modified in order to reach agreement among Commissioners. At least 14 of the 27 Commissioners must approve a legislative proposal in order for it to be adopted by the EC. The document is then sent to the Council and the Parliament for their consideration (European Commission, 2014).

Various specific EU agencies cope with tasks of a particular legal, technical or scientific nature. These agencies drop into four categories.

1. Community agencies: These agencies are distinct from Community institutions (the Commission, Council, Parliament, etc.), though they are governed by European public law. Agencies have their own legal framework in order to accomplish a specific technical or scientific task.

There are now 24 Community agencies, some of which are related to the agriculture and food sector, including:

- European Food Safety Authority,
- Community Plant Variety Office,
- Environment Agency,
- Community Fisheries Control Agency.
- Other Community agencies take in:
 - European Centre for Disease Prevention and Control,
 - European Agency for the Management of Operational Cooperation at the External Borders,
 - Office for Harmonization in the Internal Market,

- European Centre for the Development of Vocational Training,
- European Training Foundation,
- European Foundation for the Improvement of Living and Working Conditions,
- Translation Centre for the Bodies of the European Union.

2. Common Foreign and Security Policy agencies carry out tasks within the framework of the EU's Common Foreign and Security Policy.

3. Police and judicial cooperation in criminal matters agencies assist Member States co-operate in fighting against organized international crime.

4. Executive agencies are set up for a fixed period of time to manage one or more Community programs (European Union, 2014).

The Council is the EU's main decision-making body. Meetings are attended by one minister from each member state; the minister to attend depends on the agenda subject. For instance, if the Council discusses agricultural issues, the Agriculture Minister from each member state attends. The Council is then referred to as the Agriculture Council, the Agriculture and Fisheries Council.

The Council presidency is observed as highly significant in Council decision-making. The presidency swaps among member states for a six month period. This permits each member state for a certain period control the Council agenda and chair all meetings, encourage political decisions and broker compromises among member states. The Council keeps summit meetings, known as the European Council Summit for four times annually. Summits are attended by presidents and/or prime ministers of the member states and the President of the Commission. These meetings launch the general political guidelines for the EU and resolve issues that could not be agreed upon by ministers at usual Council meetings.

Generally, the Council only acts on the Commission's suggested legislation and the EC normally has responsibility for ensuring that EU legislation, once accepted, is applied properly. Each member state has a lasting team of delegates to represent it and defend its national interests in the Council. The head of each team is the country's ambassador to the EU. These ambassadors or "permanent representatives" have weekly meetings within the Permanent Representatives Committee (COREPER). COREPER is in charge for formulating the decisions of the Council, with the exception of most agricultural issues

which are dealt with by the Special Committee on Agriculture. COREPER is supported by some 250 working parties and committees, involving officials from the national administrations. The Special Committee on Agriculture consists of experts from each of the respective Ministries of Agriculture as well as the Commission's DG AGRI. This Committee alone manages all preparatory work for Council decisions related to agriculture. In addition to the work of the Special Committee on Agriculture, the Agriculture Council (all 27 agriculture ministers), holds monthly meetings to give negotiations political incentive (European Commission, 2014).

The European Parliament (EP) is the only body of the EU that is directly elected by the citizens of the EU and therefore represents the interests of individual EU voters. Elections are held every 5 years across all 27 member states. Rather than sitting in national delegations, members of the EP sit according to their political affinity in seven Europe-wide "political groups". Political groups must contain at least 20 members elected from at least 6 member states. There are 785 seats, which are apportioned by member state and political group (European Parliament, 2014).

The EU laws are adopted jointly by the Council and the EP within co-decision procedures. However, legislation related to agriculture and certain other sensitive policy areas are passed by the Council alone, though it must consult the EP. This decision-making process is termed the "consultation" procedure. While the Council cannot finalize reforms until the EP has voted through its opinion on draft legislative proposal, Council Ministers are not obligated to take on the EP amendments in the final legislation. CAP negotiations typically begin with a compromise text by the Council Presidency that includes crucial concerns of member states. The President, together with the Agriculture Commissioner, works closely with national farm ministers over a period of a few days to fine-tune the compromise and attempt to reach a consensus. However, domestic political realities can affect final votes. Ministers sometimes need to be seen to be voting against certain aspects of the legislative proposals. Member states can be quite divided on how to carry on with reforms and the pace at which market-oriented policies should be adopted. Council decisions are finalized with a voting process by member states' ministers. Depending on the subject being dealt with, there are various kinds of votes. For most issues, including agriculture, a qualified majority (a weighted voting system based on the populations of member states) is used. Those countries with larger populations are given more votes.

However, the figures are weighted in favor of the less populous countries. A qualified majority is reached when a minimum of 255 votes is in favor, which is 73.9% of the total 345. An index for qualified majority voting that has been used is that a text will be blocked if 3 large member states or 2 large and 3 to 4 medium member states are against (European Commission, 2014).

The period from the time the Commission releases its legislative proposals until Council adoption can take less than 12 months with less controversial legislation. However, it is common for the process to last 12 months and even as much as 18 to 24 months. Agriculture negotiations, in particular, are usually quite extended.

Under the anticipated Lisbon Treaty, the process of “co-decision” would be adopted for agriculture. The Lisbon Treaty was signed by the governments of all 27 EU member states in December 2007 in Lisbon. While it has been ratified by 25 member states, Ireland voted against it in 2008 and the Czech Republic is still in the process of ratification. If adopted, the Treaty is expected to modernize EU institutions and place the enlarged Union in a better position to more efficiently challenge the tasks of a globalized world. The Lisbon Treaty would imply a decision-making process whereby the CAP would no longer be subject solely to the decisions of Council. Instead, both Council and the EP would share this responsibility under a “co-decision” procedure. The EP would give a 1st Reading before the Council gives its 1st Reading (or “Common Position”), and then both institutions would pass a 2nd Reading, at which time the Council would take on board the parliamentary amendments. If there were no agreement between the Council and Parliament on the 2nd Reading, the negotiations would pass into “conciliation” – which is the equivalent of a 3rd Reading. With a 3rd Reading, the period for adoption of legislation would possibly take longer than the usual 12 to 24 months. While more democratic, this new legislative system for EU agriculture would most likely extend the process of consensus building (European Commission, 2014).

In addition, under the Treaty, Council’s qualified majority voting would be based on the principle of the double majority, whereby decisions would need the support of 55% of member states (15 out of the 27 member states) representing a minimum of 65% of the EU’s population. To avoid a small number of large member states preventing the adoption of a decision, a blocking minority would need to include at least four member states (European Commission, 2014).

The CAP is one of the key EU policies, accounting for the largest portion of the EU budget and the only policy that receives most of its funding from the EU budget. Operating agriculture policies at the supranational level allows the EU to achieve a more level playing field for farmers across the member states. EU decision-making occurs in three main institutions: the Commission, which is independent of national governments, the Council, which represents individual member states, and the Parliament, which is elected by EU citizens. Overall, the Commission proposes new legislation and the Council and Parliament pass laws. In many cases, EU laws are adopted jointly by the Council and the Parliament. However in the case of agriculture, the Council alone legislates. Negotiations pertaining to agriculture typically begin with a compromise text by the Council, and then the Council and Commissioner for Agriculture work with national farm ministers to prepare a final text. Council decisions are voted on by member states' ministers. For agriculture, a qualified majority (a weighted voting system based on the populations of member states) is used, whereby a minimum of 74% of votes must be in favor. In other areas, such as foreign policy, Council decisions must be unanimous. For procedural decisions, a simple majority is used.

5. Agricultural Policy Aspects: case study of Italy and Russia

5.1 European Union system of Quality regulation

5.1.1 The European Quality Policy and the system of PDO (Protected Designation of Origin) and PGI (Protected geographical indication) with regard to Italy

The quality of food products has always been a priority for consumers, businesses and institutions. The same common agricultural policy has tried over the years to meet the requirements expressed by producers and consumers, taking into account the views expressed by both. If in fact the European citizen identified by the time the quality of food is the essential characteristics of the product with the requirements of hygiene and health (food safety), with globalization and the gradual opening of the Community market has taken on the quality for producers another important dimension: a competitive factor.

The legislation on the food quality control in the EU has a three level structure:

- 1) European regulations (decisions, directives),
- 2) National regulations (laws, regulations), and
- 3) Regional legislation (laws, regulations, service requirements).

European law regulations determine the scope of the specific national and regional legislation. They are sufficiently flexible to allow for the proper interpretation of national regulations in any country which is a member of the EU, not to contradict with the European legislation (European Commission, 2010).

The quality policy is now part of CAP and is a useful tool for such purposes: firstly, suitable for simultaneously strengthening the competitiveness of the agricultural system and the vitality of rural areas, on the other hand, to provide consumers with most information on the origin of products. The first policy instruments are represented by the European Quality Regulations 2081 and 2082 of 1992 in an attempt to harmonize the existing national laws and provide protection to EU geographical indications, have established the Protected Designation of Origin (PDO), the Indications Protected geographical indication (PGI) and Traditional Speciality Guaranteed (TSG) (Reg. EC no. 2082, 1992, pp. 1-5; Reg. EC n. 1107, 1996, pp. 3-15).

These EU schemes encourage diverse agricultural production, protect product names from misuse and imitation and help consumers by giving them information concerning the specific character of the products:

- PDO- covers agricultural products and foodstuffs which are produced, processed and prepared in a given geographical area using recognised know-how.
- PGI- covers agricultural products and foodstuffs closely linked to the geographical area. At least one of the stages of production, processing or preparation takes place in the area.
- TSG- highlights traditional character, either in the composition or means of production

These regulations have undergone since a first review in 2006 (becoming the Regulations 509 and 510) and is currently preparing to be further reformed with the legislative proposal called “quality package”. The “Quality Package” puts in place for the first time a comprehensive policy on certification schemes, value-adding terms for agricultural product qualities, and product standards, covering the different facets of quality, from the compliance with minimum standards to the production of highly specific products (Reg. EC n. 509, 2006, pp. 1-7; Reg. EC no. 510, 2006, pp. 1-10).

The Package comprises:

- a new “Agricultural Product Quality Schemes Regulation”, bringing coherence and clarity to the EU schemes; reinforcing the flagship scheme for protected designations of origin and geographical indications (PDOs and PGIs); overhauling the traditional specialities guaranteed scheme (TSGs), and laying down a new framework for the development of Optional Quality Terms, such as feeding method and production method;
- a new general base-line Marketing Standard for all agricultural products and a specific power to adopt place-of-farming and other sectorial rules for marketing product;
- new Guidelines of best practices on voluntary certification schemes and on the labelling of products using PDO-PGI ingredients (European Commission, 2014).

For the future, the Commission announced its intention to study further the problems faced by small-scale producers in participating in Union quality schemes as well as mountain producers to market their products.

With this reform introduces changes in the regulatory framework to meet the needs of producers for sustainable profitability, and consumer information and a greater guarantee of origin of products.

Spaces that at this stage of the path of negotiation were partly filled by the changes proposed by the European Parliament, in the Agriculture Committee on 21 June 2011.

To better understand the reasons for those areas of improvement should be first considered the production and economic features that characterize the EU system of food products with geographical indications, a basket at the beginning of 2011 has surpassed the 1,000 records, which is almost twice as recorded ten years ago (in 2000 the foods included were less than 600). In spite of this growth occurred in the records, the system of food PDO / PGI represents, in the context of food consumption in Europe, still a niche: despite the fact some 1,400 billion euro of consumption alimentari¹⁶ the weight of these quality products - as a consumer value - does not reach 2% (Reg. EC no. 1216, 2007, pp. 1-24).

The spatial concentration is the result of different specificities ranging from product development can be generated from larger geographic areas below the name of that food traditions established long ago to successfully market a product and thus the greater degree of penetration and width of the target market (local, national or foreign). Just think, in this regard that the first 5 Italian PDO / PGI account for about 63% in the total value of the basket in the national geographical indication. In the case of Spain, the weight is less than half (30%). This follows from production volumes due to the very different individual names. The main Italian cheese, Grana Padano, exceeds annually 160,000 tons of production, the French, the Comté, does not reach 50,000 tons. Even in the case of meat products there is a similar disparity. The main Italian ham, Parma, certifies nearly 10 million hams annually when in the same time Spanish Jamon de Teruel, stops to 470,000 hams (Institute for Agricultural Market Services food, 2014).

The European system of PDO / PGI is composed of a plurality of situations very different from each other and that is why the Community rules of origin indications was created to harmonize different national systems previously in force (and in cases such as

Italian or French existing for a long time ago) into a single body of law for the purposes described above.

It's clear that the greatest effort that a common policy for the quality (which it no longer wishes merely to harmonize the system of rules, but want to support the development of individual products on an open and competitive market) has to do is to be able to respond to growing needs expressed by businesses and local systems that vary widely from product to product and from territory to territory.

By virtue of their close connection to specific geographical areas these names also mean local development, protection of the environment, territorial development, in other words, greater provision of public goods.

However, as with all food products, even for the PDO / PGI / TSG most production of public goods is derived from economic and market conditions and this can only be supported by a policy that looks mainly to the competitiveness of enterprises (National Institute of Agrarian Economy, 2014).

The real challenge for a European quality policy that wants to make their products with a PDO / PGI / TSG of the effective tools for socio-economic development and vitality of rural areas is twofold: on one hand be able to preserve the fabric of production and processing enterprises rooted in rural areas - often disadvantaged - the other side of the Community and simultaneously provide them with tools of competitiveness can grow them on the market. And these twin objectives can be achieved through support to businesses of tools to increase their competitiveness and their bargaining power within the food chain. Through tools that can facilitate the aggregation of supply chains between producers of quality, schedule production according to market, to promote awareness of the logos of the European consumers but at the same time to rationalize the system of registration of names, so as to make it more credible in the eyes of the international partners of a European system of quality within which products actually appear different and unique compared to the normal standard products. Thanks to the help given by the European Parliament, many of these tools are among the factors on which it is initiating the reflection that lead by 2012 entry into force of the new European system for the protection and enhancement of food quality (National Institute of Agrarian Economy, 2014).

Labels, quality of food products. The European Community to protect the health of citizens oversees the entire food chain. Italy is very active on this front, so that their products are very safe, have a good quality and in demand abroad.

The legislation on the one hand protects the honest producers against unfair competition; the other protects the health of consumers by providing adequate information through a rigorous labelling (Directive EC no. 67, 2002, pp. 1-2; Directive EEC no. 496, 1990, pp. 2-7).

European quality. In Europe, the legislator has introduced the brand to be used on agricultural products intended for human consumption, but also on certain products not intended for such use (wool, cork, straw, ornamental plants). The matter is governed by the Regulation (EC) n. 509/2006 and n. 510/2006, the detailed implementation of which have been arranged, respectively, with Regulation (EC) n. 1216/2007 and with Regulation (EC) n. 1898/2006 (Reg. EC n. 509, 2006, pp. 1-7; Reg. EC no. 510, 2006, pp. 1-10; Reg. EC no. 1216, 2007, pp. 1-23).

These provisions also simplify the registration of applications for brand recognition and quality of produce to get certification, which is expressed in the possibility of asking the brand to the European Commission directly, bypassing the national authorities.

In particular, the art. 8 of Reg. 510/2006 determines the name, the terms and symbols, which can be used in marketing of agricultural and food products:

- Protected Designation of Origin (PDO);
- Protected Geographical Indication (PGI).

It's also provided the logo for Traditional Speciality Guaranteed (TSG).

The above terms and their symbols may also appear on the labels of products to third countries of origin, provided that the marketing within the Community must respect its laws and regulations.

Labelling and packaging. The label must properly inform the consumer about the nature, identity, properties, composition, storage, etc. of the product origin. Each product must have its trade name and indicate:

- the retention period, within which retains its properties;
- the expiry date, within which must be consumed;
- the batch, i.e. the batch from which derives the manufacture and packaging;

- nutritional information on the energy density and the quantity of different ingredients.

Finally, it may be mentioned the organoleptic characteristics such as flavour, aroma, and etc.

The agro-food products can be presented in different ways than their packaging: in bulk, which cannot be distinguished from the label, except the case in which it can be affixed on the containers.

Ready, that is, wrapped in packaging, which must be affixed to the label, which can be replaced without opening the package pre-wrapped, enclosed in a wrapper of any material for direct delivery to the purchaser or offered for sale on the shelves, regardless of the closure system.

The pre-packaged food must comply with Community and national law in the labelling for their marketing.

The matter is governed by Directive 2000/13/EC, transposed into Italian Legislative Decree 181/2003. These standards apply only to products intended for export outside the territory (Directive EC no.13, 2000, pp. 1-4). It requires that the labelling satisfies certain basic requirements:

- not induce the purchaser into error on the product features;
- not confer on the product properties for the prevention, treatment and cure of diseases, with the exception of natural mineral waters and foodstuffs for particular diseases, regulated by ad hoc arrangements.

The label must contain certain information being required:

- the name of the product with the addition of the physical state (powder, liquid, dried, frozen, smoked, concentrate, etc..);
- the list of ingredients to indicate a percentage in descending order with respect to the amount used and the specific name;
- an indication of potential allergens;
- an indication of the maximum limits for the fat content for meat products;
- the net quantity by volume for liquids and in units of mass in other products;
- the date of minimum / maximum retention expressed as day, month, year;
- the use by date and any special conditions of storage and use for perishable goods;

- the name, address and name of the manufacturer or packer;
- the place of origin and source of the goods;
- instructions for use, if necessary;
- the alcoholic strength for beverages containing more than 1 alcohol, 2%.

For some products require a specific indication for further information.

The labels must contain the information in a visible, legible, easily comprehensible and indelible in Italian language or translated into Italian (Directive EC no.13, 2000, pp. 3-10).

The European Commission has long recommended that the labels of food products, marketed, must be written in an official EU language, provided easy to understand. They are affixed to pre-packages. Only in case of transfer to another place to observe this formality, the information can be found on the shipping documents or flanking.

Nutrition labelling. To provide a comprehensive framework and promote better nutrition, the Community authorities have adopted Directive 1990/496, transposed into Italian Legislative Decree no. 77/1993 (Directive EEC no.496, 1990, pp. 2-4).

The Community has harmonized the standards used in different Member States and has reached the adoption of a standardized label, valid throughout the Community.

The provisions apply to any products direct to the consumer and those destined for restaurants, hospitals, canteens, community and similar activities and products for special powers, where the energy value assumes a considerable significance.

As optional, the labelling becomes mandatory if the information is disclosed.

The information must be made on labels, in business communications and advertising, according to Reg. 1924/2006 (Reg. EC no. 1924, 2006, pp. 2-12).

5.1.2 Common Agricultural Policy implementation in Italy, Apulia region.

The agriculture of Apulia is characterized by a strong variety of production situations, directly linked to regional differences clashed with the disadvantaged areas within the Gargano, the Sub Apennines of Daunia, Murgia and Salento, strong areas of lowland (Tavoliere Bari area, Coast of Bari, Taranto Arc ion) are particularly favourable to the development of agriculture.

Apulia is a region where agriculture plays a prominent role in the economic environment. It is quite intensive, modern agriculture, which allows the region to be among

the first in Italy for the production of many products. This is the case of wheat and tomato in the province of Foggia, in addition to the production of olive oil, with its estimated 50 million olive trees in Puglia offers the first place, as well as table grapes. Also responsible for the primacy of tomatoes, grown mainly in the industrial province of Salerno. Capital also holds positions with regard to the salad, artichokes, fennel, cabbage, celery and oats. The Puglia held an ancient supremacy in the production of almonds, now gone despite attempts to establish the modern almond Californian model. Specific areas record the success of fruit crops such as peach and kiwi (ISMEA, 2014).

The extension of the Utilized Agricultural Area (UAA) in Puglia is almost equal to 1,250,000 acres and represents 21.2% of UAA in the South and 9% of the UAA Italian. The total agricultural area (TAA) Regional, unlike in the South and in Italy, is almost entirely under cultivation, UAA Puglia, in fact, is equal to 91% of regional SAT (ISTAT, 2013).

As apparent from some economic indicators, Apulian agriculture plays an important role in the national context, so much so that the level of Apulian PLV (GDP) is 8% of the agricultural production of the entire country. In absolute terms, the gross value added in the primary sector in 2011 amounted to just under 2.816 million euros. The analysis of labor productivity in agriculture highlights the gap with respect to both the South and, especially, compared to the average values of Italy. In fact, in 2011 the value added per person employed in Puglia equal to just 20,487 euros, 27,339 euros against 23,043 euros in Italy and the Mezzogiorno (Apulia Region official website, 2014).

And to highlight the role that the agricultural sector in the economy in terms of production of Puglia. In fact, it participates in the formation of regional gross domestic product for just over 6% (value greater than that recorded in the South and nationally).

In terms of employment, as noted above, the employed agricultural impact on total employment in regional proportionally higher than the national figure and, in more detail, according to ISTAT in 2012 in Puglia are occupied more than 127 thousand units (ISTAT, 2013).

It is also necessary to highlight the marked senility farmers Puglia. The statistics of ISTAT shows, in fact, that nearly 60% of the Apulian conductors has over 55 years, while much content is the number of those aged under 35 years (less than 5% of total). This phenomenon is also highlighted by another indicator constructed on the relationship

between the percentage of farmers younger than 35 years and farmers with over 55 years. This indicator is equal in Puglia, on the basis of ISTAT, 8% against an EU average of 18%. It 's clear, therefore, that there is a situation of little generational change, an important factor for the continuation of farming and for the introduction of innovations (ISTAT, 2013).

Economic and technical guidance in reference to the economic size of farms of Puglia, it is necessary to highlight that 94% of farms are specialized. Among these excel those olive-accounting for 54% of total businesses (specialized + mixed), covering nearly 26% of regional UAA, achieve a Gross Income Standard (GAS) GAS is 32% of total product in the region and absorb 36% of working days devoted to agriculture (The Puglia Region, 2014).

"The Puglia food is still synonymous with excellence and food security," said the President of Coldiretti (Agricultural Trade Union of Farmers, Apulia representation) Peter Salcuni. From the datas revealed some primary Apulian agricultural production compared to the national quantities: table grapes 68 %, tomatoes 35 %, 30 % of cherries, 35 % of almonds, 35 % of olives, wheat 21 %, artichoke 31 %, almonds 30 % and wine grapes 14 %.

There is the growth of 16.2 per cent of the food and beverages in the first 9 months of 2011 from which the significant share held by foreign production and marketing of Puglia quality wine production. Extraordinarily significant +7.9 % of agricultural products confirmed a trend of growth in all products (ISMEA, 2012).

The agricultural production of 2012 amounted to EUR 2,355,768,940 with 4 % down compared with last year due to the disastrous performance of horticultural products and in the olive oil sector. There was a big jump in exports, which represent a +16.2 % despite the difficult economic situation (Apulia Region official website, 2014).

The quality in the food industry of Apulia agriculture and enforcement of EU rules related with the certificate of quality. It means the ability to satisfy stated or implied needs of the consumer through appropriate forms of verification and certification of compliance with certain requirements of considerable importance in the food industry. The different forms of certification requirements in the agricultural sector are divided into three broad categories:

1. quality certifications;

2. product certifications;
3. certifications for environment and security.

Companies certified ISO 9000 (quality certification) and 14001 (certifications for Environment and Security) in 2011, 2,082 in Puglia, in Italy compared with 56,542 certified, while in the same agro-industrial sector alone are 71 certifications in Puglia, with a slow but steady growth trend in the time interval 2006-2011 (National Institute of Agrarian Economy, 2012).

The trademark "Quality Products Puglia" is a collective EU quality mark with an indication of origin. It guarantees the quality and origin of the product.

The Region of Puglia, in accordance with the Regulation (EC) no. 207/09, filed on 11/06/2012 the Office for Harmonization in the Internal Market - OHIM application to register the trademark "Quality Products Puglia"(Apulia Region official website, 2013).

The Puglia Region with the "Quality Products Puglia" means:

- value to agricultural products and foodstuffs with a high standard of quality control;
- bring to the attention of consumers through information and publicity measures, the quality of products and services bearing the mark that participate in food quality recognized by the Apulia Region under Reg. EC no. 1698 of the Council of 20 September 2005 (Reg. EC no. 1698, 2005, pp. 1-37);
- promote and support the commercial marketing and sale of such products.

The mark satisfies the requirements of the Community guidelines for State aid in agriculture and forestry sector 2007-2013 (2006 / C 319/01) and the Community guidelines for State aid for advertising of products listed in ' Annex I to the Treaty on the Functioning of the European Union as well as certain non-Annex (Reg. no. 1076, 2012, pp. 3-9).

The brand conveys the message of the main indicator of product quality and the secondary indication of origin of the same.

The brand ensures full traceability of products.

The trademark "Quality Products Puglia" can be licensed for use in all EU producers for agricultural and food products and services, which in accordance with Community law, they enjoy special protection in the European Union and meet certain quality requirements.

The granting of the use of the trademark "Quality Products Puglia" is governed by the provisions of the regulations governing use of the trademark approved DGR n. 1076 of 05/06/2012 (Reg. no. 1076, 2012, pp. 2-6).

The elements of origin indicated in the lower part in the eco-area are replaced because the area of origin.

The brand is owned by the Region of Puglia.

The powers are exercised from the Puglia region of Policies for Rural Development.

Products and services are among the products:

- agricultural and food products regulated by the quality system approved by the European Union (PDO and PGI);
- agricultural products and foodstuffs which participate in food quality schemes under the EC Regulation. 1698 of the Council of 20 September 2005, for which they defined product data sheets which provide criteria and standards, and specifications that guarantee product quality significantly beyond the current commercial and general ones established by national and European legislation or incorporating the following provisions:
 - the name of the products or services;
 - the description of the products;
 - quality criteria set for the various categories of products;
 - the provisions of the tests;
 - sanctions;
 - the mode of application of the mark;
 - the identification of independent monitoring bodies and carrying out these checks (European Commission, 2012).

Part of the services:

- catering services for the administration of the products branded "Quality Products Puglia".

The quality of food and agricultural products and services bearing the mark is guaranteed through a program of quality control.

The control program for products regulated by the quality system approved by the European Union is run by the inspection agency designated and approved by the Ministry

of Agriculture and Forestry. The control program for products and services involved in food quality schemes under the EC Regulation 1698 of the Council of 20 September 2005 was performed by independent monitoring bodies, authorized to carry out checks in accordance with current European standards, members of the Regional List CB (Reg. EC no. 1698, 2005, pp. 2-10).

The control plan is implemented in compliance with the product data sheets provided for the various product categories. The quality control program is open to all products manufactured in the EU, regardless of their origin, provided they comply with the conditions and criteria. They recognized the results of checks carried out in other comparable states.

The trade mark may be granted to the PDO and PGI agricultural products and foodstuffs which participate in food quality schemes, for which they have defined technical criteria and standards that provide for strict such as to ensure a quality product than the commercial standards and those established by the general European or national legislation; catering services for the administration of the products branded "Quality Products Puglia" (Unione Europea e Regione Puglia, 2006, pp. 1-2).

When it comes to quality must be given careful attention to all the typical products of certain areas, protected by EU and national regulations that establish a restrictive raw materials and the geographical location of production (product certifications regulated).

5.1.3 The Quality regulation towards wine, oil products and fish

The wine sector has been the last to be reformed in December 2007, with the approval of the reform of the CMO (Common Market Organization for Wine) in wine (Reg. EC 479/2008), arrived in port after long and complicated negotiations (Reg. EC no. 479, 2008, pp. 2-5).

The rules of the CMO in wine are very detailed and complex, as it regulates in detail the many aspects of the industry: the growing potential, market measures, oenological practices, labeling, promotion, and support for viticulture purposes landscape.

The proposed reform of the CAP 2014-2020, published by the European Commission 12 October 2011, fully confirms the installation of the proposed wine reform, in all its aspects: national support equipment, production potential, with the abolition

31.12.2015 at planting rights, abolition of distillation, wine making practices and labeling rules.

The real novelty of the wine CMO was the introduction of national support equipment.

The definition of measures and their financing shall be borne by the European Union, while it is left to Member States the option of choosing appropriate measures to provide for their domestic needs, taking into account the peculiarities of their agriculture. The implementation of these programs is delegated to Member States.

Italy has drafted a National Support Programme (NSP) and has allocated the funding between the various measures: promotion in third countries, restructuring and / or conversion of vineyards, investment in modernization of the production chain, innovation, and support for green harvest, crop insurance, distillation, and fortification with grape must (Ministry of Agriculture, Food and Forestry, 2014).

The budget for the national support programs are confirmed, for all Member States, at the same level of 2013. For Italy, this is an annual budget of 336.997 million euros (Ministry of Agriculture, Food and Forestry, 2014).

A key measure eligible for national support programs will be the promotion and marketing of wines by the Union in third countries. It should also be expected to support investment in the wine sector to improve the economic performance of enterprises as such.

The European wine-growing potential is governed by the system of planting rights. The Commission's proposal for the 2014-2020 CAP confirms that the current system of planting rights shall be extended up to 31.12.2015, however, Member States may grant an extension until 31.12.2018 at the national or regional level (European Commission, 2013).

In other words, in 2016, manufacturers will no longer have restrictions on plants and can freely increase their planted area and production. The objective of the reform is, therefore, the complete liberalization of the sector, after a transitional period lasting until 2015 (and 2018, the voluntary decision of the Member States).

The measures relating to the restructuring and conversion of vineyards shall be to increase the competitiveness of the wine producers.

Support for restructuring and conversion of vineyards may only cover one or more of the following activities:

- a) varietal conversion, including by grafting;

- b) a different location / relocation of vineyards;
- c) improvements to vineyard management techniques.

The support does not cover the normal renewal of vineyards which have come to the end of their natural life.

Support for restructuring and conversion of vineyards may only take the following forms:

- a) compensation of producers for loss of revenue due to implementation of the measure;
- b) contribution to the costs of restructuring and conversion.

The EU contribution to the actual costs of restructuring and conversion of vineyards shall not exceed 50%. In less developed regions the EU's contribution to the costs of restructuring and conversion shall not exceed 75% (European Commission, 2013).

The wine CMO is reconfirmed in the CAP 2014-2020: Italy will qualify for a major allocation of financial resources to improve the competitiveness of its viticulture.

The real crux of the debate is the liberalization of the plant vineyards.

The Commission believes that the liberalization will increase the competitiveness of industry and simplify the rules. The major producing countries, especially Italy, fear that the uncontrolled increase in production, especially in areas with the names of greater value, will increase uncertainty and imbalance in the industry.

The quality brands of wine are classified as:

- Protected geographical indication (PGI) wines made from grapes for 85% of the geographical area whose name they bear
- Protected Designation of Origin (PDO) wines of quality products at a well determined, the organoleptic characteristics of which must comply with the parameters prepared by the Preliminary production. In contrast to PGI, PDO ones are to be submitted, prior to marketing, to chemical-physical by a special commission set up at the Chamber of Commerce membership
- Traditional Speciality Guaranteed (TSG) wines of outstanding quality and value, subject to production rules more stringent than the PDO (dual analysis: chemical-physical and organoleptic). TSG wines must be recognized PDO wines from at least five years and be bottled in containers

of less than 5 liters, which are secured by a flag State (European Commission, 2012).

With reference to wine, the awards PDO, TSG and PGI were awarded to (Unione Europea e Regione Puglia, 2006, pp. 2-50):

- Moscato di Trani (PDO) Ministerial Decree 09/11/74 (G.U. No. 63, 03/06/75)
- Aleatico di Puglia (PDO) Ministerial Decree 5/29/73 (n. 214, G.U. 08/20/73)
- Alezio (PDO) Ministerial Decree 2.9.83 (n. 264, G.U. 26/09/83)
- Brindisi (PDO) Ministerial Decree 11/22/79 (G.U. No. 111 of 23/04/80)
- Cacc'e Mmitte of Lucera (PDO) Ministerial Decree 12/13/75 (G.U. No. 82 of 29/3/76)
- Castel del Monte (PDO) Ministerial Decree 5/19/71 (n. 188, G.U. 26/07/71)
- Cupertino (PDO) Ministerial Decree 02/11/76 (G.U. No. 27 of 29/1/77)
- Daunia (PGI) Ministerial Decree 9/12/95 (n. 237, G.U. 10/10/95)
- Murgia (PGI) Ministerial Decree 9/12/95 (n. 237, G.U. 10/10/95)
- Nardo (PDO) Ministerial Decree 4.6.87 (n. 226, G.U. 09/28/87)
- Orta Nova (PDO) Ministerial Decree 4/26/84 (G.U. No. 274 of 10/04/84)
- Ostuni (PDO) Ministerial Decree 1/13/72 (G.U. No. 83 of 03/28/72)
- Primitivo di Manduria (PDO) Ministerial Decree 30/10/74 (G.U. No. 60 of 04/03/75)
- Puglia (PGI) Ministerial Decree 9/12/95 (n. 237, G.U. 10/10/95)
- Red Barletta (PDO) Ministerial Decree 6.1.77 (n. 278, G.U. 12/10/77)
- Red Canosa (PDO) Ministerial Decree 2/24/79 (n. 198, G.U. 20/07/79)
- Galatina (PDO) Ministerial Decree 4/21/97 (G.U. No. 104 of 05/07/97)
- Gioia del Colle (PDO) Ministerial Decree 5/11/87 (G.U. No. 248 of 10/23/87)
- Gravina (PDO) Ministerial Decree 06/04/83 (G.U. No. 23 of 24/1/84)
- Leven (PDO) Ministerial Decree 09/15/79 (G.U. No. 41 of 12/2/80)
- Lizzano (PDO) Ministerial Decree 12/21/88 (n. 144, G.U. 06/22/89)
- Locorotondo (PDO) Ministerial Decree 6/10/69 (G.U. No 211 of 19/08/69)
- Martina Franca (PDO) Ministerial Decree 6/10/69 (G.U. No 211 of 19/08/69)
- Matino (PDO) Ministerial Decree 05/19/71 (G.U. No. 187, 7/24/71)
- Red Cerignola (PDO) Presidential Decree 06/26/74 (G.U. No. 285, 10/31/74)

- Salento (PGI) Ministerial Decree 9/12/95 (n. 237, G.U. 10/10/95)
- Salice Salento (PDO) Ministerial Decree 8.4.76 (n. 224, G.U. 25/08/76)
- San Severo (PDO) Ministerial Decree 4/19/68 (G.U. No. 138 of 01/06/68)
- Squinzano (PDO) Ministerial Decree 6.7.76 (G.U. No. 230 of 31/08/76)
- Tarantino (PGI) Ministerial Decree 9/12/95 (n. 237, G.U. 10/10/95)
- Valle d'Itria (PGI) Ministerial Decree 9/12/95 (n. 237, G.U. 10/10/95)

Olive Oil POD and PGI. The Protected Designation of Origin (PDO) is the brand that imposes the most stringent ever, a mark of quality that is attributed to the food product (wine and alcoholic beverages excluded), whose characteristics depend exclusively on the area where it is produced. The brand PDO. applies to products where the whole production cycle, from raw material to the finished product, is carried out within a geographical area well defined, and therefore, is not reproducible outside the same. Of absolute importance is the geographical environment of production that must include both natural and human factors (such as production techniques and processing), with which we obtain a unique and inimitable. A hallmark of most of all protected the consumer (University of language and communication, Milan, Italy, 2014).

The PDO was born (along with PGI) in 1992 thanks to the EEC Regulation 2081/92 of the European Communities. A product certified PDO enjoys protection and protection against imitation throughout the EU (Reg. EC no. 2081, 1992, pp. 2-4).

Extra virgin PDO. The PDO applies to products where the entire production cycle, from raw material to finished product, takes place within well-defined geographical area, and therefore cannot be reproduced outside of itself. Of absolute importance is the geographical environment of production that must include both natural and human factors (such as production techniques and processing), with which we obtain a unique and inimitable.

To receive the PDO must exist two essential conditions, specified in Article 2 of Regulation EEC 2081/92:

1 - The special qualities and characteristics of the product must be due exclusively or essentially to the geographical environment of the place of origin.

For "geographical environment" the law is intended not only natural but also human factors, so the local knowledge and techniques. A famous example is the Mozzarella di

Bufala Campana, where the instruments used, the skill and experience of the operator, time, operating mode, have been able to create a truly unique product.

2 - The production of raw materials and their processing to the finished product must be made in the region bounded by the product named (Reg. EC no. 2081, 1992, pp. 2-7).

In other words: an olive oil PDO must be made with olives produced and processed in the approved PDO.

The most important feature that fills a gap in the Italian legislation which does not require him to indicate the provenance of the ingredients of the product, is given by "tracing" of a PDO or a guarantee stating the place of origin and transformation of raw materials .

The grower whose farm is located in an area that has been awarded the DOP and it intends to market its oil production under that mark, must adhere to specific rules of production and under the control of an independent certification body and specially appointed and recognized by the Ministry of Agriculture and Forestry. The product specification contains all the rules of cultivation of the olive, from harvesting to packaging oil (or other product) that must be strictly observed to obtain the label DOP oil (Ministry of Agriculture and Forestry, 2014).

Obtained the name it is periodically subject to various checks of conformity to the specification by the independent certification.

Extra virgin PGI. The Protected Geographical Indication (PGI) is the mark of quality that is given to agricultural products or foodstuffs where only one phase of production is related to the geographical area of reference.

The substantial difference between PDO and PGI is that only one phase of the production process is necessary to obtain the PGI, while the PDO is the area that the entire production process are two related and essential conditions.

As for the PDO, PGI also manufacturers must comply with strict observance of which is guaranteed by an independent control (Ministry of Agriculture and Forestry, 2014).

In this regard, the products have achieved recognition in Puglia PDO and PGI are:

Olive Oils:

- Terra di Bari (PDO) Reg n.2325/97 (OJ L 322/97, 25.11.1997);

- Terre Tarantine (PDO) Reg. 1898 of 29.10.2004 (OJ L 328, 30.10.2004);
- Hill, Brindisi (PDO) Reg n.1263/96 (OJ L 163/96 of 02.07.1996);
- Dauno (PDO) Reg n.2325/97 (OJ L 322/97, 25.11.1997);
- Terre d'Otranto (PDO) Reg n.1065/97 (OJ L 156/97 of 13.06.1997).

In conclusion, it is worth pointing out that the picture shows highlights showing how limited the spread of the certification systems of both product and process between the companies operating in the food of Puglia. In contrast we see a growing demand for certified product by the figures operating in the commercial food supply chains (Reg. EC n. 509, 2006, pp. 1-7; Reg. EC no. 510, 2006, pp. 1-10; Reg. EC no. 2325, 1997, pp. 1-23; Reg no. 1263, 1996, pp. 2-4; Reg no.1065, 1997, pp. 1-9).

On 14 February 2012 in the Official Regional Bulletin no. 22 was published another quality document “The Program of activities for the promotion the quality food products from Puglia and nutrition education for the year 2012”.

The program aims to enhance and promote in Italy and abroad quality products (PDO, PGI, organic, typical and traditional), to support the regional program "Quality and Agriculture", with particular regard to the operational phase project of the collective mark "products of Puglia", as well as the regional program "Food Education" and actions aimed at development and promotion of rural areas.

The implementation of the program will be in collaboration with the Regional Union of Chambers of Commerce Puglia.

Other partners, now historians will be the CIHEAM - IAM Bari, Puglia Slow Food, the Wine Tourism Movement Apulia, Puglia and the Italian Association of Sommelier former ICE - MISE.

The program was approved with resolution no. 113/2012 of the Regional Government (The Puglia Region, 2013).

Fishing rules. Fishery and aquaculture products play a significant role in the diet as a valuable source of protein-rich healthy food. The consumption of seafood products in the world represents almost 20% of the total animal protein consumption.

The European Union is the third largest seafood producer in the world, but Europe is also the biggest importer of seafood products – imports make up 60% of total European consumption. The fisheries sector is faced with many challenges such as: depletion of several fish stocks, outbreaks of invasive species, competition from third countries,

conflicts with other coastal activities for space allocation or negative environmental impacts. However, through focused research and innovation, the EU can address these challenges and maximize the potential of the natural resources (European Commission, 2014).

The European Commission launched a reform of the Common Fisheries Policy (CFP) in 2009 which entered into force in 2013. Since its inception in 1983, the CFP is a heavily science-based policy, and current discussions surrounding its reform emphasize the crucial role of research and scientific advice for improving decision-making in EU fisheries management. It also clearly recognizes the need to progress towards an Ecosystem Approach to Fisheries Management (EAFM) (Institute for Economic Research Fisheries and Aquaculture, 2013).

Fishing as agricultural industry is an important for Puglia, which relies on the longest coastal extension between the island regions. The marines are more those of Taranto, Manfredonia, Molfetta, Mola di Bari, Monopoli, Gallipoli and Castro, who practice both the inshore fisheries in seas teeming with fish that feed into the region, as that the top edge. Recently introduced is aquaculture, or fish farming in the sea. Traditional is the vocation instead of Taranto mussel in, performed in the calm waters of the Mar Piccolo. The city is today the most important production area of the world's farmed mussels, with an estimated close to 30,000 tons / year and more than 1,300 employees (ISTAT, 2013).

Fish stocks have high natural productivity, but it is not unlimited. If more fish are caught than the natural surplus of the stock, the production potential for the future is reduced. To have a system of fishing rules in place is therefore in everybody's interest, to make sure fish stocks are shared fairly and are not depleted in the long run (ISMEA, 2013).

There are three types of fishing rules.

Fishing effort limitations - restrict the size of the fleet that sets to sea and the amount of time it can spend fishing (see fishing effort).

Catch limits - restrict the quantity of fish that can be taken from the sea before fishers need to stop fishing (see TACs and quotas).

Technical measures - regulate how and where fishers can fish. They can, for example, be used to protect young fish (juveniles), encourage the use of more selective

fishing gear or prevent serious damage to the marine environment (see technical measures).

Fisheries policy uses all three tools, separately or in combination. The multi-annual plans, put in place to manage specific fish stocks are often a mix of all three.

Technical measures is a catch-all term for the whole range of rules governing how and where fishers may fish - as opposed to how much they may fish (fishing effort) and/or catch (TACs and quotas) (Institute for Economic Research Fisheries and Aquaculture, 2014).

Technical measures include:

- minimum landing sizes
- minimum mesh sizes for nets
- closed areas and seasons
- limits on by-catches (catches of unwanted or non-target species)
- requirement to use more selective fishing gear to reduce unwanted by-catch)
- measures to prevent damage to the marine environment.

Technical measures differ considerably from one sea basin to another, according to local conditions (ISMEA, 2013).

5.1.4 Measures and Programmes implementing in Apulia

The Region of Puglia, the institution of its agricultural development services, has implemented a system for measuring the demand for research in the region. In this regard, the main regulatory reference for the coordination of research directions is the LR No. 8/94, by a Regional Committee for Agricultural Development, responsible for the proposal, consultation and cooperation with regard to regional bodies for the preparation and implementation of programs and agricultural development projects, including research and testing of regional interest (National Institute of Agrarian Economy, 2014).

More specifically, the general objectives set out in the research projects are mainly financed by the “development of new products and processes and improving the quality of products’ (indicated by 44% of projects), the “supply of agricultural products, forestry and decreasing fish production costs” (38%) and “balanced management of natural resources by agriculture, forestry, fishing and aquaculture” (27%). The innovations are classified as

“process innovations” and are considered predominantly “cultivation” (66%) (National Institute of Agrarian Economy, 2014).

The economic impact of the innovations made in the projects is identified in the growth of “production unit” (occurred in 81% of searches) and “quality improvement” (66%), while the “saving of technical means” is present in a limited number of projects (8%). The “environmental and social impacts” of innovation, where present, are identified in the “protection of biodiversity” (present in 55% of projects), the “consumer health” (33%) and “enhancement of landscapes and territories” (32%) (National Institute of Agrarian Economy, 2014).

In addition, the regional production system is still characterized by a low demand for research and innovation, largely due to the small size of farms. In addition, as a general level, in Puglia lacks a strategy of governance of the innovation system can identify the priority areas in which to concentrate its investments in research, innovation, creation of new businesses and attracting outside companies. Ultimately, it is clear that only measures and actions aimed at “creating a network” organically articulated the set of actors within the system of knowledge in agriculture in the future can ensure the realization of an efficient regional system of services, public and private, integrated character and functional needs and potential of the territory.

Integrated Territorial Projects

The integrated projects encourage interventions integrated within local production systems characterized by historical and territorial identity arising from the homogeneous integration between agriculture and other local projects are directed towards the production of goods or services that conform to the traditions and territorial vocation the area.

They serve primarily to improve the quality of life and attractiveness of rural areas (Axis III), and could include the activation of measures within Axis I and II) (The Puglia Region, 2014).

Location

The ITP are located in areas with strong rural character, taking into account the planned zoning in the National Strategic Plan.

Objectives

Integrated Territorial Projects in Large Areas will promote and realize coordinated public and private interventions intended to adapt the infrastructural facilities for mobility,

improvement and development of infrastructure and inter-area, improved availability of basic services for the economy, initiatives aimed at preventing environmental risks and enhance key natural-landscape in the area.

Measures activated

The measures can be activated within the territorial projects are those designed to improve the environment of the territories concerned, both on the environment, both on the services, and on that of rural infrastructure (The Puglia Region, 2014). Each will therefore be the activation of the following measures (Table 2):

Table 2 Measures activated in Apulia

AXIS	MEASUREMENT	TITLE
I	IMPROVING THE COMPETITIVENESS IN AGRICULTURE AND FORESTRY	
	1.9	Infrastructure related to the development and adaptation of agriculture and forestry
II	IMPROVING THE ENVIRONMENT AND THE COUNTRYSIDE	
	2.3	Agri-environment payments
	2.4	Support non-productive investments in agriculture (Action 2)
	2.8	Restoring forestry potential and introducing prevention
	2.9	Support non-productive investments - forest
III	QUALITY OF LIFE IN RURAL AREAS AND DIVERSIFICATION OF THE RURAL	
	3.1	Diversification into non-agricultural
	3.2	Support the development and creation of micro enterprises (in non-Leader)
	3.3	Encouragement of tourism activities
	3.4	Basic services for the economy and rural population
	3.5	Conservation and upgrading of rural heritage (in non-Leader)
	3.6	Training and information for economic actors operating in the fields covered by Axis 3

Source: Ministry of Agriculture, Food and Forestry. *Rural Development Programme 2007 – 2013: Region Apulia* [on-line]. Viewed at: <http://www.politicheagricole.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/772>

Implementation arrangements for the Leader approach

As already described in the paragraph and tab dedicated to measuring “Leader approach”, the mode of implementation inherent in the Axis IV is represented by Local Development Plans through which it aims to promote and implement interventions that, in respect of development strategies fixed for different areas of reference and in connection

with the PIT and PIF, allow to guide, support and assist the operators in the process of economic diversification (Ministry of Agriculture, Food and Forestry, 2014).

Location

The PSL presented by LAGs will cover rural areas homogeneous. Take into account the planned zoning in the National Strategic Plan.

Objectives

The PSL will respond to the objectives of Axis IV EAFRD, for their high "proximity" to rural areas, should aim to improve local governance, their development strategy must be firmly entrenched in the vocations of the territories and this through the use of priority themes, will be able to support and assist, using all appropriate means of information, communication and community services, operators in the process of economic diversification and the restoration of the features of the rural landscape. So will have to include territorial and transnational cooperation between rural areas and these will be priority in the selection of the PSL to be funded.

The territories Leader will be selected by a procedure which provides an expression of interest open to the whole region. Priority will be given to those areas generally rural connotation that already have acquired one or more experiences of participatory approaches, such as to constitute know-how essential for proper and effective implementation of the LEADER approach (Institute for Agricultural Market Services food, 2014).

Measures activated

LEADER areas in the GAL is delegated the implementation of the measures under Axis 3. Therefore, the PSL may require the activation of the measures listed below, in full respect of the selection criteria laid down by the (Table 3):

Table 3 Measures activated in Apulia

Axis	Measure	Title of the measure
3	311	Diversification into non-agricultural activities
3	312	The development and the creation of the micro
3	313	Encouragement for tourist activities
3	314	Basic services for the economy and rural population
3	315	Conservation and upgrading of rural heritage
3	331	Training and information
4	411	Implementation of local development strategies
4	421	Inter-territorial and transnational
4	431	Costs of management and incentives

Source: Ministry of Agriculture, Food and Forestry. *Rural Development Programme 2007 – 2013: Region Apulia* [on-line]. Viewed at: <http://www.politicheagricole.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/772>

5.1.5 Information required on the Axes and measures

Axis 1: Improving competitiveness of agriculture and forestry

The analysis of the regional context shows number of strengths including the presence of areas of agricultural specialization, leadership in some product segments, the presence of quality products and local products related to the rich regional tradition, a high propensity to export, the presence of many institutions that operate within the system of knowledge in agriculture.

The regional food system is still characterized by many problems such as, for example, the fragmentation of the agricultural system, characterized by a large number of small firms in terms of area, conducted mainly by elderly people and in a context of continuous decline in employment in agriculture, increasing production costs and the decreased ability of financial firms, resulting in difficulty in the sustainability of investment in means of production, loss of market opportunities domestically and abroad (The Puglia region, 2014).

In view of the fact that the entrepreneurial class is composed primarily of agricultural Apulian elderly drivers, unwilling to meet the needs of innovation and increased competitiveness of the sector, it becomes imperative for the region of Puglia rejuvenate the agricultural business class, in order to make individual most dynamic and better able to respond to development needs. A crucial role for the realization of this objective is the instrument of Youth Package, through which the young will not only

helped with the prize of first settlement, but will also be supported by interventions in other measures, such as the modernization of farms, diversification into non-agricultural activities, training, etc. (The Puglia region, 2014).

Axis 2: Improving the environment and the countryside

A key role is played by the Axis II measures Agri-environment payments and support non-productive investments. Under the first measure focuses on organic farming, for which it is proposed, in line with the general plan of implementation of interventions, the priority of eligibility according to the objectives of concentration and integration with other measures . In particular, the priority beneficiaries of the measure will prove to belong to an organic chain project that will include organic operators interested in the phase transformation or adaptation of farm structures, financed with the Axis I. Qualifying for the achievement of the objectives of board actions are activated in support of non-productive investments, oriented to the pursuit of other agri-environmental objectives, unrelated to the ones reached with the implementation of the measure Agri-environment payments (The Puglia region, 2014).

As for the look forestry in general, has sought to give emphasis to these aspects in the definition of the objectives of axis, assuming that Puglia is the region with the lowest index of woodiness of the whole area of the Mediterranean North. For this reason, the RDP outlines the absolute priority of afforestation measures and that for restoring forestry potential and preventing fires, which devotes 66% of total financial resources for forestry measures in all activated Axis II (The Puglia region, 2014).

Axis 3: Quality of life in rural areas and diversification of the economy

Axis 3 aims to promote the economic diversification of farming, improving the overall quality of life in rural areas and, ultimately, the increase in the level of attractiveness of these areas, by enhancing the multifunctional role of the agricultural and extension of business operations into innovative goods and services, also aimed at local people. The integration of activities and production systems, together with the rural heritage and improve access and quality of services for the population are further opportunities to activate and strengthen a rural system capable of exploiting and enhancing local resources , also with qualified human resources (Ministry of Agriculture, Food and Forestry, 2014).

Axis 4: Implementation of the Leader

In this context, the Axis Leader takes the lead in this program, to address the priority axis III in an integrated and cross.

One of the biggest advantages of area-based approaches and bottom-up, is the ability to mobilize more local resources for development. This is because local actors, on the one hand have a deeper understanding of the opportunities offered by the resources available and the other have a stronger sense of ownership and responsibility towards the project (Ministry of Agriculture, Food and Forestry, 2014).

Still, the Leader Axis is to be understood as an instrument of governance, namely, as a means to increase and / or build the organizational capacity of local communities.

The action of GAL on the Apulian local territorial context is also crucial in terms of production and re-production of “development capital”, meaning those that are reproducible resources “put to work” in local development processes.

Ultimately, the Leader will help to develop the innovative approaches to linking agriculture and the local economy helping to diversify the economic base and strengthen the socioeconomic fabric of rural areas (Table 4).

Table 4 Implementation of the Leader

Code of the measure	Title of aid scheme	Legitimacy of the aid	Duration of aid scheme
123	Adding value to agricultural and forestry products (agricultural products not listed in Annex 1 of the Treaty)	Any aid granted to undertakings under this measure will be granted under the <i>de minimis</i> Regulation (EC) n. 1998/2006 of 15 December 2006.	2007-2013
311	Diversification into non-agricultural activities. actions: 1. the provision of tourist services in a corporate context; 2. the provision of educational services and teaching the people; 3. the provision of health services; 4. the creation and marketing of handicrafts; 5. the production and sale of energy from renewable sources to those operators.	Any aid granted to undertakings under this measure for Actions 1 and 5 will be granted an exemption pursuant to Regulation EC 70/2001 and subsequent amendments of 2001 and 13.gennaio exemption regulation EC 1628/2006 of 1 November 2006. Any aid granted to undertakings under this measure for the actions 2, 3 and 4 will be granted under the <i>de minimis</i> Regulation (EC) n. 1998/2006 of 15 December 2006.	2007-2013

Code of the measure	Title of aid scheme	Legitimacy of the aid	Duration of aid scheme
312	Support the creation and development of microenterprises	Any aid granted to undertakings under this measure will be granted under the <i>de minimis</i> Regulation (EC) n. 1998/2006 of 15 December 2006.	2007-2013
313	Encouragement of tourism activities	Any aid granted to undertakings under this measure will be granted under the <i>de minimis</i> Regulation (EC) n. 1998/2006 of 15 December 2006.	2007-2013
321	Basic services for the economy and rural population	For all types in which the beneficiaries are public will be granted pursuant to art. 55 of Reg. (EC) n. 1698/2005 within the limits and in the manner indicated in the measurement card In the case of private beneficiaries, any aid granted under this measure will conform to the <i>de minimis</i> Regulation (EC) n. 1998/2006 of 15 December 2006.	2007-2013
323	Conservation and upgrading of rural heritage	For all types in which the beneficiaries are public and / or otherwise the operation is performed exclusively for the public interest support will be granted pursuant to art. 57, reg. (EC) n. 1698/2005 within the limits and in the manner indicated in the measurement card In the case of private beneficiaries, any aid granted under this measure will conform to the <i>de minimis</i> Regulation (EC) n. 1998/2006 of 15 December 2006.	2007-2013
331	3.7 - Training and Information	As beneficiaries of public aid will be granted pursuant to art. 58 of Reg. (EC) n. 1698/2005 within the limits and in the manner indicated in the measurement card	2007-2013

Source: Ministry of Agriculture, Food and Forestry. *Rural Development Programme 2007 – 2013: Region Apulia* [on-line]. Viewed at:

<<http://www.politicheagricole.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/772>>

In order to live a rural life and is therefore also important to support non-agricultural business initiatives and development of facilities and infrastructure to improve

the quality of life, especially for population groups most vulnerable to a weakening of social and economic context.

An important consideration is that inherent in the relations be established between the measures of focus within this program (which refers only to the axis III) and strategy leader who supports the establishment of local partnerships for the development of a local development strategy (ISMEA, 2014).

Resources, therefore, must respond to the priorities aimed to create jobs and promote economic and social conditions of growth. In promoting training, information and entrepreneurship necessary to take into account the particular needs of women and youth.

5.2 Russian Agricultural policy aspects

5.2.1 The general analysis of the actual conditions of the agricultural sector in Russia

Obviously, the industry plays an important role not only in the economic and social life of the country. The country has one of the world's agricultural potential. Overall, the agricultural sector, according to experts, is about 8.5% of gross domestic product, including the agriculture with 4.4%. It employs more than 7 million people (almost 11% of employed in the economy), and concentrates 3.4% of fixed assets.

Russia has only about 2% of the population, while it has 9% of the world productive arable land, 20% of the world's fresh water, producing 8.5% of mineral fertilizers (Federal State Statistics Service, 2013).

The countries' share of world agricultural production is somewhat lower: milk production is about 5%, grain and leguminous are 3%, and 2% of meat.

If we talk about the economic growth in agriculture, it continues to rise the ninth consecutive year in a row, although in recent years its rate decreased, and this should worry the government.

It became possible to reach and even exceed the level of 90-year in crop production. At the same time, in the pre-reform livestock production restored only by half, to be exact by 54%. Meanwhile, the demand for meat and dairy products is increasing due to growth in income (Federal State Statistics Service, 2013).

However the general conditions of agriculture remains unfavorable. They are: the unsatisfactory level of market infrastructure development, the frazzle of productive assets, and the high prices of basic end-uses resources, including first of all the energy.

There is the problem of financial instability in the industry due to income volatility, accumulated disinvestment and lack of private investment. There is still the difficult access of agricultural producers to the markets of financial and information resources. The proportion of loss-making enterprises is high. The profitability in agriculture is lower than in other sectors of the economy, and the risks are higher.

The share of the employed in forestry and fisheries declined from 48 percent in 1992 to 27 percent in 2009, the share of employed in the trade, hotel and household sectors has increased by more than 2 times (to 13 percent); in the financial and administrative activities in 1.3 times (15 percent), and in transport and communications in 1.3 times (up 7 percent) (Ministry of Agriculture of Russian Federation, 2014).

Agriculture remains a major focus of work in rural areas, so that the rural economy can be characterized as a single industry. This situation is caused by a low level of labor productivity in the industry (according to various estimates, is 8-10 times lower than in the most developed countries), whose growth is constrained not only investment and technological factors, but also the lack of development in rural areas of alternative activities designed to concentrate excessive labor released from the agricultural production.

The living standards of the rural population are still very low with the increase of income gap between urban and rural areas. Thus, if in 1997 the per capita disposable resources of rural households reached 69 percent of the city level; in 2009 it was 60 percent (Ministry of Agriculture of Russian Federation, 2014).

Wages in agriculture are only 40% of the average wage in the economy. This is much lower than in the other states. In respect to this, Russia lags behind not only developed countries but also from neighboring countries - from Kazakhstan, Ukraine and Belarus (World Factbook, 2012).

Socio-demographic situation does not improve. High mortality rate and life expectancy is lower than in the city. About 50% of rural residents per capita disposable resources are below the poverty line. The gap between urban and rural poverty rates are not decreasing, but increasing. The poverty is concentrated in rural areas, which accounts for 42 percent of all poor Russia's population (in terms of available resources), while the share

of the rural population accounts for 27 percent of the total population (Ministry of Labour and Social Protection of the Russian Federation, 2014).

Therefore the migration of the rural population to the cities is continuing, thus the demographic crisis exacerbates in the whole country. This is especially it concerns to young people. For that reason, the availability of qualified personnel, as managers and employees of mass professions becomes low.

There is continuing low rates of structural and technological modernization of the sector, the updating of fixed assets and the reproduction of natural and ecological potential. The provision of major kinds of equipment of domestic agriculture is much lower than in developed countries: on tractors - more than three times, and combine harvesters - 2 times. This is the main factor of unverified losses in agriculture.

The implementation of government measures to ensure social development of rural areas has led to a revival of the housing construction and equipment of rural communities, improving the quality of education and health services. In the framework of the federal target program “Social development of the village up to 2012” approved by the Government of the Russian Federation of December 3, 2002 no. 858, from 2003 to 2009 was introduced 13 million square meters of residential premises. More than 58 thousand of young professionals and young families in the village were able to improve their living conditions (Ministry of Agriculture of the Russian Federation, 2014).

More than 85 thousand of rural students began their studies in the new modern equipped schools. The network of health facilities was expanded in the rural areas due to the introduction of regional and district hospitals for 6 thousand beds and outpatient clinics and by 7.5 thousand visits per shift. In 2010-2012 rural schools received more than 9.8 thousand school buses within the national project “Education” framework. More than 33 thousand schools are connected to the Internet, and 2.6 thousand rural schools have received the sets of specialized software (Ministry of Education and Science of the Russian Federation, 2014).

In accordance with the priority national project “Health” the wages of certain categories of rural doctors and nurses has increased. The equipping of medical institutions by diagnostic equipment and ambulances has improved. The clinical examination of the rural population has expanded (Ministry of Health of the Russian Federation, 2014).

However the qualitative breakthrough has not happened yet. The reducing process of the rural social infrastructure cannot be stopped. In 2009 the availability ratio in kindergarten was 487 places per 1,000 children aged 1 to 6 years compared with 2008 (494 seats). The coverage of children with preschool education is 41 percent (compared to 65 percent in urban areas), the availability of rural hospital beds per 10 thousand people is 37 percent and dispensaries to 35 percent of the urban level (Federal State Statistics Service, 2013).

One-third of rural settlements with a population of 100 people are not covered by either fixed or mobile form of trade services. Home services are almost completely destroyed. There is a serious problem with drinking water in rural areas. The disposal of water networks is ahead of their entry due to poor technical condition. The telephone density in rural areas is 2.4 times less than in the cities. About one-third of the rural communities is still has a lack of access to paved roads (Federal State Statistics Service, 2013).

5.2.2 State program of agricultural development and regulation of agricultural products, raw materials and food for 2008 – 2012

In the 2000s, the level of support for agricultural producers tended to increase and in 2008-10 reached an average level of OECD countries. This reflected increased tariff protection regime and increased budgetary allocations in the planned and emergency support measures in that period. However, in 2011 and 2012 the support level decreased compared with the average of OECD countries (OECD, 2013).

Russia has joined the WTO in August 2012 and started to fulfill the commitments to liberalize trade regime under the WTO agreements. The main national program on agriculture has expired in 2012 and a new for the period until 2020 came into the force. The new program keeps orientation at stimulating growth and import substitution. However these goals must be achieved within gradual reduction of trade barriers under the terms of WTO accession (OECD, 2013).

In order to achieve the goals of growth in such circumstances a significant increase in the competitiveness of Russian producers is needed. The 2020 agrarian policy directions indicate a greater emphasis on long-term efficiency, such as new measures to stimulate the implementation of modern technologies, R&D support, and investment into market

infrastructure, production and land reclamation. However now such a policy shift is limited and unlikely can substantially increase the support of competitiveness in Russian agricultural sector. There is a need of more active transition from policy based on subsidies and import protection, to the policy focused on long-term strategic investments in improving productivity and sustainable use of resources. Such a policy reorientation will also be in the interests of food consumers, where more competitive national food system will provide cheaper food (OECD, 2013).

Among the main rural problems should be highlighted:

- technical and technological lag of agriculture compare with the developed countries due to an insufficient level of profitability of agricultural producers to implement the innovative development;
- stagnation of engineering for agriculture and food industry, which explains market dominance of imported machinery and equipment;
- limited access of agricultural producers to market imperfections;
- increasing of trade networks monopolization;
- weak development of cooperation in the production and marketing of agricultural products;
- slow pace of social development in rural areas;
- poor public perception of agricultural labor, inadequate provision of resources for all levels of funding.

To address these and other challenges a project called “the State program of agricultural development and regulation of markets” was designed and submitted.

Reorientation of state support must go in parallel with improving the overall business climate for private investment, including foreign investment and know-how. The efforts to promote the effective and modern agriculture should be complemented by strengthening policies and programs to improve living conditions in rural areas and diversification of rural incomes (Swinbank, 2009, pp. 23-45).

The main positions of the Agrarian Policy of the Russian Federation were established by the Federal Law “On the development of agriculture”. The Art. 5 of the Act sets out the basic principles of Agrarian Policy of the Russian Federation (Ministry of Agriculture of Russian Federation, 2013):

- availability and targeted government support for agricultural producers;

- availability of information on the status of state agricultural policy;
- unity of the market of agricultural products, raw materials and food, and equal conditions of competition;
- the sequence of public agricultural policy implementation and its sustainable development;
- participation of agricultural producers unions (associations) in the formation and implementation of state agricultural policy (Ministry of Agriculture of Russian Federation, 2013).

Objectives and the main directions of the development of agriculture and regulation of agricultural products, raw materials and food, financial support and implementation mechanisms are determined by the “State program of agricultural development and regulation of agricultural products, raw materials and food for 2008 – 2012 years”. The State Agriculture Development Programme is a basic document establishing measures for agricultural support in Russia. The program is based on the principle of co-financing measures by the federal and regional governments, with significant differences in the proportions of regional co-financing. In addition to the support measures included in the State program, regions may implement their own regional measures of Agrarian Policy. During the five years program, has been allocated about 861 billion rubles (U.S. \$ 29 billion) (Ministry of Agriculture of Russian Federation, 2013).

There are the following objectives of included into Program:

- Increasing the competitiveness of Russian agricultural producers and their products, ensuring the quality of Russian food products;
- sustainable rural development, rural employment, improve the life of rural people, including the payment of workers employed in agriculture;
- maintenance and reproduction are used for the needs of the agricultural production of natural resources;
- formation of a well-functioning market for agricultural products, raw materials and food, providing increased profitability of agricultural producers and infrastructure development of this market;
- creation of a favorable investment climate and increase investment in agriculture;

- monitoring of the price index for agricultural products, raw materials and the index of prices (tariffs) for industrial products (services) to be used by agricultural producers, and maintaining parity index of prices (tariffs) (Ministry of Agriculture of Russian Federation, 2013).

The program provides the following measures for implementation of the state agrarian policy:

- provide budget to agricultural producers in accordance with the legislation of the Russian Federation;
- use of special tax regimes for agricultural producers;
- implementation of procurement, storage, processing and supply of agricultural products, raw materials and food for state and municipal needs;
- regulation of the market for agricultural products, raw materials and food, including the customs and tariff and non-tariff regulation;
- information support of agricultural producers and other market participants of agricultural products, raw materials and food, as well as providing them with counseling;
- antimonopoly regulation for markets of agricultural products, raw materials and food;
- participation of NGOs in the development and implementation of state agricultural policy;
- conduct procurement interventions, trade interventions on the market of agricultural products, raw materials and food, as well as mortgage transactions;
- other measures stipulated by the legislation of the Russian Federation (Law no. 260, 2011, pp. 3-4).

State support for agricultural production, sustainable rural development is carried out on the following areas: ensuring access to credit for agricultural producers, producing agricultural products, offering its processing and to provide appropriate services, citizens engaged in private farms (peasant) farms and agricultural consumer cooperatives, the development of insurance risks in agriculture, the development of livestock breeding, the development of elite seeds, provision of livestock production, ensuring bookmark perennial plants and care for them, ensuring the renewal of fixed assets of agricultural producers, provision of measures to improve soil fertility, ensuring sustainable rural

development, including construction and maintenance, as appropriate, linking towns roads, provision of advice to agricultural producers, training and retraining of specialists for agriculture information support in the implementation of the agrarian policy.

According to the Programme will be allocated 551.3 billion rubles from the federal budget for the 2008 - 2012's for the implementation of these measures, including:

2008 - 76.3 billion rubles;

2009 - 100 billion rubles;

2010 - 120 billion rubles;

2011 - 125 billion rubles;

2012 - 130 billion rubles.

The funding for the implementation of the agrarian policy is carried out in accordance with the laws of the Russian Federation. The Federal Budget fund is available to the budgets of the Russian Federation in the form of grants in the order to determine by the Government. Its provided by the federal law on the federal budget for the next fiscal year and are aimed at supporting the agricultural production (Ministry of Agriculture of Russian Federation, 2013).

Government of the Russian Federation establishes the terms of federal budget subsidies to the budgets of the Russian Federation, the criteria and methodology (standards), and determines the amount of subsidies to given regions of the Russian Federation. I.e. federal funds have appropriation of capital for a specific task and cannot be spent for other purposes.

The implementation of the Program is based on the conclusion of agreements on the state customer implementation of the Program to the bodies authorized by the highest executive authorities of the Regions of the Russian Federation. Authorities authorized the implementation of the Program, in turn, will conclude with the participants of the Program in the regions of the complex arrangements for the program. These agreements provide for the provision of state support for the purchase of fertilizers, seeds and modern agricultural technology to the concentration and the effective use of federal budget funds allocated for the provision of the Program resources (Ministry of Agriculture of Russian Federation, 2013).

As a result of implementation of the Program the social and economic development baseline of the rural economy should greatly improve. This variability is shown in Table 5.

Table 5 Dynamics and outlook for agriculture for 2008 – 2012 years

Main indicators	2008	2009	2010	2011	2012
1. Agricultural production index, %	103,8	103,9	104,1	104,1	104,1
2. Livestock production index, %	104,8	105,1	105,1	105	105,1
3. Crop production index, %	102,9	102,8	103,1	103,1	103,1
4. Volume index of investment in fixed assets of agriculture, %	115	110,6	110,2	108,5	107,1
5. Disposable resources of the households in rural areas in the member economy, rub.	7085	8928	10388	11121	11821
6. The share of Russian production in the resources formation:					
- meat and meat products (in terms of meat),%	61,1	63,5	65,7	68,1	69,6
-milk and milk products (in milk),%	78,3	79,2	79,9	80,4	81,1
7. Renovation index of agricultural machinery fixed assets					
-tractors	5,2	6,6	8	9,2	10,3
-grain harvesters	7,4	8,6	10,4	11,5	13
- forage harvesters	11,8	12,8	12,4	12	11,6
8. Energy supply of agricultural organizations per 100 hectares of cultivated area, hp	134	145	152	161	168
9. Labor productivity index for all categories of farms,%	104,8	104,9	105,2	105,2	105,2

Source: Ministry of Agriculture of Russian Federation. State program of agricultural development and regulation of agricultural products, raw materials and food for 2008 – 2012 years. [on-line]. Viewed at: <<http://www.mcx.ru/navigation/docfeeder/show/145.htm>>.

An expert committee is created to evaluate the implementation of the state program. It composed of independent experts, representatives of industry associations of agricultural producers and consumers of agricultural products, raw materials and food and other non-profit organizations, federal executive authorities, and representatives of the state authorities of the Russian Federation. The expert commission shall prepare a report containing the results of the implementation and evaluation of the effectiveness of each part of the Program, the level of achievement of the agrarian policy, as well as recommendations to change such articles (Ministry of Agriculture of Russian Federation, 2013).

Thus, the specificity of agricultural production and market relations in the agro-food complex determines the needs and obligations to develop science-based regulatory system, and support the development of the agricultural sector. Farms will be forced to turn aside the traditional farming without state agricultural enterprises. If will be stopped the production of agricultural products, the benefits for the unemployed and providing rural employment in other activities the State will require much more expense than the maintenance and development of agricultural production.

5.2.3 Russian system of Quality Regulation

In August 2012, after 18 years of negotiations, Russia has become a WTO member by signing an extensive list of commitments to liberalize trade regime with the performance in 2020. These commitments relate to both domestic support measures producers and the foreign trade regime, including harmonization with the latest international standards, in particular in the field of sanitary regulations and quality of products and services.

In 2002 State Standard of Russia jointly with the Ministry of Economic Development of Russia and the Russian Ministry of Industry had developed a draft Concept of the National policy in the field of quality products and services. The aim of this concept in the economic sphere is the improvement of the quality of domestic products to achieve its competitiveness on both the domestic and foreign markets, and on this basis to ensure sustainable development of the economy and its integration into the world economy (Astrakhan State University, 2012).

Since 2012, the annual event “Buy Russian” is held. It’s organized by the Russian Organization for Quality, supported by a number of regions of the Russian Federation. “All-Russian Month of Quality” program has been approved by the leadership of the Russian Organization for Quality, State Standard and the Chambers of commerce in several regions. The main goal is to attract attention of manufacturers, government agencies and public organizations to the problem of the quality of Russian products and services, and to activate the ways of its solution. At the event the implementation of the “Concept of the Russian national policy in the field of quality products and services” is discussed. Based on the negotiations, the certain recommendations are prepared to be executed by legislative authorities (Expert Online, 2012).

During the event the Register of quality products and services is formed on the basis of regional data on quality products, goods and services. The Register includes the best manufacturers and suppliers of domestic goods, services, trading companies and wholesale and retail chains.

The “All-Russian Month of Quality” program is especially relevant in a light of Russia's WTO accession and further integration into the world economy, when the acute problem of harmonization of Russian quality standards with international and European standards, Russian exports, and the social responsibility of the manufacturer to the customers. It is also a tool to attract the attention of the authorities, business and the public to the problem of quality. Such events have become common in many countries. In Russia, the program became the first project of this kind (Expert Online, 2012).

The basis for legal regulation and government policy in the field of product quality is the Federal Law “On the quality and food safety” (a new edition from January 1, 2011). To date, Russia has established a legislative and methodological basis of the quality and safety of food that meets a tendency of harmonization with international legal requirements. However, there is still a continuing systemic crisis in the agricultural and food production, enhanced with anthropogenic food contamination (Table 6).

Table 6 State regulation in the field of quality assurance and food safety

The list of state regulations	Description
1. State standardization in quality assurance and food safety, materials and products.	There are: State Standard, Industry Standard, sanitary and veterinary regulations, orders, guidelines, instructions, and resolutions of Chief sanitary inspector. Almost 80 % of food is produced in accordance with the technical documents (special conditions, technological instructions, technological regulations, recipes). The state grants the rights producers to develop and approve independently technical product documents. Manufacturer may approve technical document only after receiving positive sanitary-epidemiological conclusion. Possibility of self-acceptance and approval of technical documents led the expansion of the range of non-traditional food recipes and improving the external design of food products.

The list of state regulations	Description
2. State registration of foodstuffs, materials and products. It comprises:	<ul style="list-style-type: none"> - Examination of the documents to be submitted by the manufacturer and food supplier and confirm their compliance with regulatory requirements; - The record of foodstuffs and their manufacturers and suppliers in the State register of food, materials and products approved for manufacture within the Russian Federation, or import into the territory of the Russian Federation and selling; - Granting a certificate of state registration of food to the applicants. The certificate gives the right of production on the territory of the Russian Federation or import and turnover on the territory of the Russian Federation.
3. Evaluation and verification of compliance with regulatory requirements foodstuffs, materials and products, the services rendered in the field of food retail and catering, as well as quality systems.	Compliance of foodstuffs, materials and products (the list of which is approved by the Russian Government) with regulatory requirements can be confirmed by their manufacturers by filing declarations of conformity in accordance with the legislation of the Russian Federation.
4. State supervision and control in the field of quality assurance and food safety.	State control is exercised by the federal executive authorities on sanitary and epidemiological surveillance, veterinary supervision, state supervision and control over the quality and safety of grain and its products, on state control of trade, product and service quality and consumer protection, the Russian Federation, as well as authorities in the field standardization and certification.
5. Monitoring the quality and safety of food, health.	Ongoing monitoring of any process to identify its compliance with the desired result or the original assumptions. Approved by the Government of the Russian Federation.

Source: own table

The Federal Law “On Protection of Consumers' Rights” governs the relationship between consumers and manufacturers, and sellers in the sale of goods and it guarantees consumers the right to:

- quality;
- safety;
- information;
- compensation.

Manufacturer (seller) is obliged to provide the consumer with the necessary and accurate information about goods in order the consumer with make the right choice (Law no. 2300-1, 1992, p. 3).

The Federal Laws “On Protection of Consumers' Rights”, “The terms of sale of food products”, and the Standard of Russia 51074-2003 “Foodstuffs. Consumer’s Information” define the scope of the required information on any food product of domestic or imported, which is implemented in the retail. Name of the product should be specifically and accurately characterize the product, allow distinguishing the product from others (Russian State Standard no. 51074, 2003, pp. 2-4).

Several types of quality assurance (QA-system) and standards for the food industry have been developed. They can be used in the form of recommendations for the development of the company's quality system, ensuring satisfaction of established quality requirements.

The most commonly used QA- systems in the food industry are:

- Codes of good practices (e.g., Code of Good Manufacturing Practice (GMP)),
- Code of good hygienic practices (GHP), etc.),
- HACCP system (Hazard Analysis and Critical Control points).

QA-systems differ in their focus on quality (e.g., delivery guarantee safe food, a comprehensive quality assurance) and applied approach. Code of Good Manufacturing Practice and HACCP are mainly aimed to ensure compliance with the technological requirements, while ISO system is more focused on management (Res. no. 761, 2009, pp. 4-8).

5.2.4 Case study. Implementation of the State Program of development of agriculture (2008-2013) in the Rostov Region, January - June 2013

5.6 billion rubles were allocated from the budget funds (including the federal budget - 3.8 billion rubles, from the regional - 1.8 billion rubles.) for the implementation of all government programs in 2013.

During January - June 2013 2.76 billion rubles were transferred to the recipients (including the federal budget - 2.0 billion rubles, from the regional - 0.76 billion rubles.). This represents 49.3% of the annual limit.

During January-June 2013 the index of agricultural production was 125.6% (57.5 billion rubles) compare with the same period in last year with the plan of the State program for 2012 of 104.2%. The plan exceeding is 21.4 percent item (The Government of the Rostov region, 2014).

Livestock. In January-June 2013 were produced 195.1 thousand tons of meat (live weight), and 504.0 thousand tons of milk, what is 6.3% and 7.5% respectively more compare with the same period in 2012.

The annual indexes of the State program are: 372 tons of meat and 1042 tons of milk was produced. The level of implementation of the annual plans of the state program on 07/01/2012 amounts: for meat - 52.4%, for milk - 48.4%. The share of the breeding stock in the total population is 23.2% with the plan of the State program for 2013 - 13.1% (The Government of the Rostov region, 2014).

Crop. By the end of July 2013 were collected 5.3 million tons of grain with an average yield of 23.4 hwt / ha.

Sowing crops had been fertilized of 138.8 thousand tons of mineral fertilizers for 6 months in 2013 for crops (a.i.), which is 6% more than in January-June 2012 (130.9 thousand tons). The level of implementation of the plan on fertilizing is 57.8% (plan is 240 thousand tons of a.i.).

On 01.07.2013 the disposal of agriculture 4.2 thousand hectares of farmland had prevented, which is on the level of 6 months of 2011 (the annual plan is 13 ha). The share of the land in a total agricultural land is 8%, sowing with elite seeds; it is corresponding to an annual program plan (The Government of the Rostov region, 2014).

Technical modernization. The acquisition of 2218 tractors and 861 combine harvester was planned in the state program for 2013.

In fact, on 07.01.2013 652 tractors and 295 combine harvesters were acquired. The level of implementation of the State program of annual rates is: tractors - 29.4%, and grain harvesters - 34.3%.

Power supply of agricultural enterprises by 100 ha of sown area was 177 hp, a 1.7% increase over the corresponding period of 2012 (174 hp) and 8.6% of the annual plan (163 hp) (The Government of the Rostov region, 2014).

Agricultural cooperation. There are 90 agricultural consumer cooperatives registered in Rostov region, and only 81 cooperatives are operating. Thus, the share of

working cooperatives (of all types) is 90% (the target of the State program for 2013 was 90.9%), including 94% of credit cooperatives (plan was 94, 9%), 82% of processing cooperatives (plan was 82.8%), and 89% of supply and sales cooperatives (plan was 89.1%) (The Government of the Rostov region, 2014).

Increasing of the credit access. For the 6 months of 2013 the volume of subsidized loans totaled 44.7 billion rubles, which is 14.4% more than in the 1st half of last year. Among them:

- loans for up to 8 years (for construction and rehabilitation of livestock complexes) are 15.2 billion rubles, which is 8.8% more than for 6 months of 2012 (annual plan is 17 billion rubles.)
- loans for up to 10 years (for the purchase of agricultural machinery) are 4.2 billion rubles, which is 34.4% more than in the 1st half of 2012 (plan is 1.7 billion rubles)
- short-term loans are 22.7 billion rubles. It is over 17.2% of the six months last of year (plan is 7.1 billion rubles)
- the amount of subsidized loans taken by part-time farmers increased by 6.1% and amounted to 2.9 billion rubles (plan is 1.77 billion rubles) (The Government of the Rostov region, 2014).

Sustainable development of rural areas.

In 2013, the construction (purchase) of 38.5 thousand square meters of housing in rural areas was planned (including 24.5 square meters for young families and professionals); the provision of rural drinking water supply and gas supply houses has increased: implementation of 139.4 km of gas pipelines and 96 km of water networks.

The funds of social benefits are transferred to 524 participants in measures to improve the living conditions of the citizens living in rural areas, including 335 young families and young professionals with the amount of 346, 0 million (111.4 million rubles from the federal budget and 234.6 million rubles from the regional) (The Government of the Rostov region, 2014).

The measures funded on 01.07.2013:

- 7.2 million rubles to the development of gasification (including 6, 2 mln. from the federal budget, and 1.0 million rubles from the regional);

- 14.4 million rubles of water supply (including 7.6 million rubles from the federal budget, 6.8 million rubles from the regional).

Table 7 The implementation of the main indicators of the State Agricultural Development Program for the 6 months 2013

Indexes and target indicators	Units	In fact, 6 months 2012	Planned for 2013	In fact, 6 months 2013	% to 6 months. 2013
Agricultural production index for all categories of farms (in comparable prices)	% to the previous year	100,7	104,2	125,6	+24,9
Sustainable rural development					
New housing input for rural people	ths. m	19,037	38,5*	13,456	70,7
including young families and young professionals in rural areas	ths. m	12,617	24,5*	7,296	57,8
crop development					
Preventing the disposal of farmland from agricultural use	th. ha	4,2	13	4,2	100
Fertilizing	th. tons a.i.	130,9	240	138,8	106,0
The share of the area sown with elite seeds, in a total agricultural land	%	7,5	8	8	x
Technical modernization of agriculture					
Purchase of agricultural machinery agricultural organizations and farms:					
Tractors	pcs.	742	2218	652	87,9
Harvesters	pcs.	309	861	295	95,5
forage harvesters	pcs.	27	90	16	59,3
Livestock development					
Production of livestock and poultry (live weight)	thousand tons	182,6	372	195,1	106,3
Milk production	thousand tons	480,2	1042	504,0	107,5
The share of the cattle breeding in a total heads	%	20,5	13,1	23,2	+2,7
Increase of credit access					
The amount of subsidized loans (loans) - total **, including:					
Short-term loans	million rubles	19343,8	7100,1	22666,5	117,2

Indexes and target indicators	Units	In fact, 6 months 2012	Planned for 2013	In fact, 6 months 2013	% to 6 months. 2013
Investment loans (up to 8) for the development of livestock	million rubles	13942,8	16988,7	15168,8	108,8
Investment loans (up to 10 years) for the purchase of agricultural machinery	million rubles	3105,0	1715,9	4172,8	134,4
subsidized loans accepted by farms	million rubles	2726,7	1768	2891,9	106,1
Financial stability increasing of small farms					
The share of agricultural co-workers (in% of total number of registered)	%	72,7	90,9	90	+25,5

* Revised plan is set to add. agreement with the Ministry of Agriculture of the Russian Federation

** Including carryover credit (accepted subsidies).

Source: Government of the Rostov Region. [on-line]. [2013-09-25]. (PDF). Viewed at: <<http://www.don-agro.ru/FILES/OP/592-GP-RO.pdf>>

The analysis of the current state of agriculture in Russia (Rostov region's example) let us predict the direction of the way out from the agrarian crisis:

- the need of agricultural production restructuring within market conditions;
- the development of fast payback and resource-saving technologies and industries;
- the review of existing large-scale agricultural enterprises created on the basis of privatization of land and property collective and state farms, as a transition to a more efficient family private ownership and small-scale private property (farms);
- the development and state encouragement (tax breaks and subsidies) of agricultural cooperation and agroindustrial integration;
- investments activation by attracting private domestic and foreign investment and other sources;
- leasing development and more efficient use of public loan;
- creation of program for rural entrepreneurs training - new owners, who receive land in heritage or buy it from heirs. According to expert estimates they are at least 1.5 million. If they learn to use the land effectively, Russian agriculture will be revived;
- improving public subsidies to agriculture through the reorientation of subsidies from producer level to the level of consumer (personal and impersonal in-kind

- subsidies (vouchers and coupons), social accounts and cash subsidies with intended usage);
- providing commodity loan and real development of financial leasing;

5.3 Italy-Russia comparison in the EU legislation context

In order to gain reliable and valid results and answer the research questions, the qualitative data analysis was obtained with their relation to previous chapters as well as the literature review. The results show the mixed method approach and provide a wider and more in-depth understanding of outcomes.

The respondents' group consisted of 10 people: 5 people from Russia and 5 from Italy. There were representatives from governmental/state and non-governmental sector, economists, agronomists and experts from agricultural field. All respondents were asked accordingly to the questionnaire in Annex 1. The questions were composed to be answered either "Yes"/"Not" or with the opportunity to give the more detailed reply. Data collection was conducted by email and personally. Summarized results from both countries are shown in Annex 1 and explained below.

At the international level, the major agreements that provide states regulation of food safety and consumer information are the agreements of WTO:

- Agreement on the Application of Sanitary and Phytosanitary measures (AASP);
- Agreement on Technical Barriers on Trade (ATBT).

AASP measures are designed to provide food safety and are set usually by three international organizations: the Commission Codex Alimentarius – for foodstuffs, the International Plant Protection Convention – for plants, and World Organisation for Animal Health – for animals and animal products. It is a legislative document.

ATBT determines the conditions of application of voluntary standards, mandatory for execution of technical regulations and certification procedures.

The AASP Agreement is intended to regulate only the issues of food safety and quality, plant and animal health, which are used as raw materials to manufacture these products. This agreement does not contain the name of a legislative act as a "technical regulation". Basically ATBT is used to control the technical products. As for food, the use

of ATBT is only a regulation of informing consumers about the properties of food products (including - labeling), as well as safety of the package.

Compared to ATBT, which allows to adjust a wide range of products using different ways, AASP has very strict rules on scientific substantiation requirements for food quality and safety.

Quality regulation in the EU

Illustrative application of the AASP and ATBT Agreements is the European Union, which distinguishes governmental and technical regulation of the food market as follows:

1. Rules and regulations launching is provided, as a rule, on the basis of scientific evidence. For non-food production rules may be determined in the light of various public policy objectives. In particular, the goal may be to achieve an acceptable level of national security.

2. Generally the requirements for foodstuffs are determined in horizontal legislation, to the non-food - in the format of technical regulations. Voluntary standards are used as a mechanism for the implementation of mandatory requirements of these regulations.

3. The most common types of legislation in EU are directives and regulations. Moreover, if the directive represents only the main objectives to be achieved by the State - a member of the EU, then the regulation is directly applicable, defining all the goals and mechanisms for their implementation, and does not require the adoption of additional acts. Almost all documents governing the technical products are in a format of directive. As for food, the situation is exactly the opposite - there is a clear tendency to move from directives to regulations.

4. In the European Union for food products under state regulation conformity assessment procedures do not apply (including certification and declaration of conformity). Also, identification procedures do not apply that are provided within Russian legislation, which are very similar to certification.

5. State control system for technical and food products is also fully divided in the EU. Moreover, if the control technology products almost entirely focused on the market, food control is carried out on all stages of their “life cycle” with a focus on the production phase.

State regulation and control

State regulation of food production in the developed world moved from the category of technical problems to the management. If earlier it was a belief that to protect the health of consumers is enough to establish safety criteria, and then test them out, but now it became clear that the problem is much more complicated, and it must be solved, also using more sophisticated mechanisms. Need to clearly establish the procedures by which the state determines security requirements.

In addition, the state must sufficiently identify in detail the state control procedures and requirements for regulatory authorities. One of the priorities in this direction is the introduction of quality management systems, which are based ISO 9000 standard.

In various legal acts of Russian legislation specific procedures for state control are approved. In the EU, all the issues of state control are governed by regulations no. 882/2004 for all foodstuffs, and no. 854/2004 - for specific products of animal origin. With regard to the liability market participants, the legislation in the European Union is not harmonized: each country sets its own rules.

Type of State Regulation on Quality

In Russia there is a large number of legislation for certain types of products: milk, meat, fish, etc. – so-called “vertical” regulations. The EU, by contrast, declined from such practices, considering it a deadlock. Documents adopted by the EU to regulate food safety are becoming more “horizontal” – fewer and fewer legal acts regulate certain types of products.

As a rule, there are hygiene requirements for individual foods and processing in each technical regulation in force or being developed in Russia. EU regulates these requirements by two regulations. First – no. 852, adopted in 2004, describes the general requirements for the hygiene of foodstuffs, the second – no. 854, also adopted in 2004. It establishes additional requirements applicable to all products of animal origin.

In the EU horizontal documents sufficiently define the requirements for a whole class of security aspects, in particular – to pollutants or dangerous microorganisms. One

example is the regulation no. 2073/2005 “On the microbiological criteria for foods”, which identifies almost all microbiological requirements related to all foodstuffs.

Obligation of execution the standards

In Russia still operates a significant number of standards that are left from the Soviet times, and many of them are compulsory. In the European Union, by contrast, standards, with rare exceptions, can be voluntary. The only indication in the Act to a particular standard brings this document to a rank of a binding. For example, in the EU regulation no. 882/2004, which regulates food control issues, is said that the results for the purposes of official controls only laboratory accredited in accordance with the EU is authorized to issue. It is analogue to the international ISO 17025 document.

Quality regulation documents

Standard technical regulations, which are used for food production in Russia, generally contain definitions of dozen types of products covered by the document. EU does not define each type or even subtype of a foodstuff since today's variety of assortment. It is simply impossible and senseless.

European Union with a population of over 500 million people, records only about 10 new products every year, all the rest is just placed on the market. This approach is justified by the fact that the new products for the market are basically not new in terms of the impact of these products on consumers' health. After all, in order to develop a completely new product, such as, for example, GMOs, the enormous costs and time are required, that can be afforded by only a few dozen of worldwide companies.

The main document that establishes the requirements for almost all information about the food quality and customer's information (including - labeling) is a Directive No 13/2000. However, this soon to be superseded. Since December 2014 a new EU Regulation 1169/2011 will govern the consumer information about the properties of food.

Governmental control and advisory structure

There are many regulatory bodies in Russia. They not only coordinate their actions, but often even compete with each other. If it turns to the EU practice, several crises, such as, for example, mad cow disease, were forced to reconsider the whole policy of

establishing control mechanisms. Nowadays in the EU there is a question not only of coordination among oversight bodies, but their integration and/or creation of a single controlling entity.

In the EU regulations more than half of all requirements are devoted to controlling and not controlled organizations. Moreover, much of it – are procedural aspects. Of course, the transition from practice of established rules to established procedures is an extremely complicated process. It requires a change in the mentality of people. Those who are faced with the implementation of quality management systems in enterprises, understand how it is not easy to do, even within a single company – not that across the country. But as an experience of developed countries shows, the solution to this problem is a necessary condition for an effective and efficient system of state regulation of food quality and safety, as well as problem on customers' information on food.

6. Results and Discussion

Nowadays, Russia is making serious efforts to provide state support to agricultural producers. However, Russian entry into the WTO makes approaches to adjust the volume and forms of assistance to the agricultural sector. The thesis analysis shows that the large-scale government support for the agricultural sector is in all the foreign countries. This is quite natural, because agriculture in any country has common features: the dependence on weather conditions, the seasonal nature of the production, the use of land as the main means of production, agricultural development is always associated with the provision of rural employment, the preservation of the traditional way of life, and finally, it has strategic importance for any country as the primary means of ensuring food quality and safety. The individual types of state support to agriculture can be studied for their possible borrowing by Russia, such as supporting the food quality control, development of organic (environmentally friendly) agriculture, conservation of natural rural landscape, the development of rural tourism, and etc.

In turn, as it follows from the empirical part of the thesis and the questionnaire analysis is likely to say, that the development of the agrarian sector in Russia has accumulated a number of issues which are not regulated by current Russian legislation. In particular, in contrast to most of the world there is no legal definition of an agricultural producer: each legal act sets it apart, which is inconvenient for use in law enforcement. There is no separation of powers of the federal and regional levels to implement programs to support the agriculture. As a result, regional support program, leading to rupture of the single market space, goes actually to trade wars between the regions. There is also no clear separation of powers between the federal agencies in the regulation of the agricultural sector. The current *ad hoc* situation leads to a very long-term harmonization of the various measures, and as a consequence - to action delay, to loss of flexibility in the regulation of the sector, and as well as to reduction of liability to carry out the agricultural policy and quality regulation in the country.

Russian government should learn and use the experience of Italy, which had a substantial subsidy from the EU agricultural production. In order to develop domestic agrarian business there is a need of foreign companies work permit. The use of new management techniques and other innovations would be beneficial. Among other measures

to improve the effectiveness for state subsidies and agricultural support as well as a basis for food quality regulations for Russia are:

- the exchange of innovative technologies in various fields of the agricultural sector, including food processing, storage and processing of agricultural products;
- participation of Italian agribusiness modernization of Russian enterprises in the food processing industry;
- joint research in plant breeding, seed production and food processing industries;
- participation in the Fair of Agricultural conducted by the parties;
- harmonization of the Russian sanitary-epidemiological, veterinary and phytosanitary requirements with international standards.

In regard to this a number of regular highest level exchange visits on economic, industrial, monetary and financial cooperation between Russia and Italy is conducted. New contribution to the development of Russian-Italian cooperation brought interstate consultations, confirming the strategic nature of the relationship and establish priorities for bilateral cooperation.

The level of development of Russian-Italian cooperation has increased substantially in quality content in all areas of mutual interest. The agricultural sector's issues in terms of beneficial partnership in agricultural business for both countries are touched as well (exchange of innovative technologies, supply of equipment for the food industry, the development of collaborative research in the agricultural sector and in the field of renewable energy used in agriculture). There is a Russian interest in increasing the supply of food and feed wheat to Italy, as well as barley, which would cover new sectors of cooperation. The Italian side expressed interest in organizing events that promote familiarize Russian specialists and professionals in the food market with high quality flour and noodle industry in Italy. Regarding wine production in Italy, two countries noted the fact that Italy has become the first supplier of these products to the Russian Federation.

The analysis of the current state of agriculture in Russia (Rostov region's example) let us predict also the direction of the way out from the agrarian crisis:

- the need of agricultural production restructuring within market conditions;
- the development of fast payback and resource-saving technologies and industries;

- the review of existing large-scale agricultural enterprises created on the basis of privatization of land and property collective and state farms, as a transition to a more efficient family private ownership and small-scale private property (farms);
- the development and state encouragement (tax breaks and subsidies) of agricultural cooperation and agroindustrial integration;
- investments activation by attracting private domestic and foreign investment and other sources;
- leasing development and improving public subsidies to agriculture through the reorientation of subsidies from producer level to the level of consumer (personal and impersonal in-kind subsidies (vouchers and coupons), social accounts and cash subsidies with intended usage).

Of course, the transition from practice of established rules to established procedures is an extremely complicated process. It requires a change in the mentality of people. Those who are faced with the implementation of quality management systems in enterprises, understand how it is not easy to do, even within a single company – not that across the country. But as an experience of developed countries shows, the solution to this problem is a necessary condition for an effective and efficient system of state regulation of food quality and safety, as well as problem on customers' information on food.

7. Conclusion

The emphasis of thesis was placed on a product quality control and regulation with the comparison of Russian agricultural policy achievement in the Rostov region with the example of the European Union in special context of European Union - Russia relations. The analysis of the common agricultural policy implementation, system of quality control and safety of agricultural products was conducted in Apulia region, Italy.

The more precise examination contributed to find the ways for improvement of the effectiveness for state subsidies and agricultural support for Russia based on Italian and European Union's experience. By means of revision the various relevant works of economists, statistical sources on agriculture and agricultural policies, issues of cooperation and integration, basic legal documents and acts as well as combination the following methods were used: induction and deduction, the analytical method of classification, comparison, description, graphical method, forecasting and modeling system approach, the method of observation, synthesis, monographic method, and others.

The analysis of Russian and European Union legislation on agrarian policy, state support and quality control in its practical part (qualitative questionnaire and structured interview) was broken down into several sections: state regulation and control, and its types, obligation of execution the standards, quality regulation documents, and governmental control and advisory structure. The respondents were represented by governmental/state and non-governmental sector, economists, agronomists and experts from agricultural field.

The results showed the differences in quality food regulations in Italy/EU and Russia. For instance, the specific procedures for state control are approved in various legal acts of Russian legislation. In the EU, all the issues of state control are governed by regulations no. 882/2004 for all foodstuffs, and no. 854/2004 - for specific products of animal origin. With regard to the liability market participants, the legislation in the European Union is not harmonized: each country sets its own rules.

In Russia there is a large number of legislation for certain types of products: milk, meat, fish, etc. – so-called “vertical” regulations. The EU, by contrast, declined from such practices, considering it a deadlock. Documents adopted by the EU to regulate food safety

are becoming more “horizontal” – fewer and fewer legal acts regulate certain types of products.

In Russia still operates a significant number of standards that are left from the Soviet times, and many of them are compulsory. Standard technical regulations, which are used for food production in Russia, generally contain definitions of dozen types of products covered by the document. EU does not define each type or even subtype of a foodstuff since today's variety of assortment. This approach is justified by the fact that the new products for the market are basically not new in terms of the impact of these products on consumers' health.

There are many regulatory bodies in Russia. They not only coordinate their actions, but often even compete with each other. If it turns to the EU practice, several crises, such as, for example, mad cow disease, were forced to reconsider the whole policy of establishing control mechanisms. Nowadays in the EU there is a question not only of coordination among oversight bodies, but their integration and/or creation of a single controlling entity.

Consequently the study illustrates that despite of various difficulties in the agricultural field, Russia makes serious efforts to provide state support to agricultural producers and implement quality policy, complied with the international requirements. However, the use of Italian experience of implementing the EU subsidies should be comprehensively reviewed.

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9. Appendices

Appendix 1 Italy-Russia comparison table in the EU legislation context

Questions	Russia	Italy
POLICIES, ACTION PLANS OR STRATEGIES ON QUALITY FOOD SUPPLY		
Does the country / region have the document, which sets out the basic policy directions adopted by the political body?	Yes	Yes
Are there any agreements that legalize food safety regulations?	Yes	Yes
GOVERNMENTAL CONTROL		
Are there any procedures by which the state defines a certain requirements?	Yes	Yes
Whether a single controlling body on quality of the products is established?	No	Yes
ADVISORY OR ADMINISTRATIVE STRUCTURE		
Does the country have created a special administrative structure responsible for implementing policies on the quality of agricultural products?	No	Yes
Does the country have a special board on quality issues / advisory structure / authority responsible for the provision of scientific advice to policy-makers across the country?	No	Yes
Does the advisory body have the description of its functions and powers in a written form (a statement of objectives and targets)?	No	Yes
Does the advisory body have a certain budget providing its activities?	No	Yes
TYPE OF STATE REGULATION ON QUALITY		
Vertical or Horizontal structure of regulations?	Vertical	Horizontal
QUALITY REGULATIONS		
Obligation of execution the standards: voluntary / mandatory?	Voluntary	Mandatory
Is there a detailed description of each type of agricultural products and goods produced on its basis?	Yes	No
Is there a single document that sets out the requirements for almost all information about the properties of products, which should be conveyed to the customer (including - labeling)?	No	Yes
INTERSECTORAL COOPERATION		
Is there any control and legislative regulation on the quality policy between the parties responsible for the production, manufacture and marketing of agricultural products?	Yes	Yes
Is there any form of regular negotiations between the Ministry of Public Health and Ministry of Agriculture on issues related to quality and food safety?	No	Yes