

## IMPROVING THE REGIONAL POLITICS IN THE SPHERE OF REGULATING THE MARKET OF ALCOHOL PRODUCTION

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**Key words:** alcohol production, market, region, market regulation, regional policy, minimum price, voluntary certification, safety of alcohol production, regional system of production quality, improving regional economics.

The author examines the problems of improving regional policy in the sphere of regulating the market of alcohol production: 1) active promotion on federal level of the suggestions on equalizing the excise for all types of spirit and setting the "minimum price" for vodka; 2) the application of the system of voluntary certification of production; 3) creating the regional system of quality and safety of alcohol production; 4) the launch of free alcohol production for the population with low profit.

The market of alcohol production is one of most dynamic segments of market economy in the scale of the country and its segments. The specific character of the functioning of alcohol market is connected with solving the problems on accumulating the profits of local budgets and social defence of the health of the population. This proves the necessity to develop new approaches to regulating the development of alcohol production market in a certain region taking into account social and economic interests of the population and regional peculiarities.

Regional policy can perform in the role of an aggregate of the priority directions of the development of this or that region, the instrument of the implementation of the corresponding events. In the context of the last definition we will understand regional policy in the sphere of regulating the market of alcohol production in the subjects of Russian Federation.

The development of the market of alcohol production should satisfy the demands of the population and increase the demands to the quality of alcohol production and be accomplished under the following conditions: a) future perfection of material and technical base and the infrastructure of wholesale and retailing sales of alcohol production; b) creating and future development of the regional wholesale market and active development of the sales of spirit drinks in rural area; c) supporting the saturation of the retailing net at the cost of increasing the range of alcohol production; d) providing the security and quality of alcohol production; e) coordinating the work of enterprises in the sphere of alcohol production by creating noncommercial alliances and associations.

There is an objective necessity to implement regional policy in the sphere of regulating

the market of alcohol production as one of the components of industrial policy of the region.

The important direction of improving the policy in the development of alcohol branch of the region is the necessity to make decision on the federal level on leveling the excise for all types of spirit. Such measure will make it possible to make technical spirits inaccessible.

Voluntary certification can become one of the main measures for creating the barrier on the way of low quality alcohol production entering the market. At present it is the only measure for preventing the low quality alcohol to enter the market. Recently a number of laws were approved in the country that prohibit the ministries to approve the obligatory standards about the technical demands to production quality. According to voluntary certification producers and importers can develop and approve their own standards or accept corporate standards developed and by branch associations and alliances. Such standards are voluntary, and after joining them - obligatory for the for the association and alliances members. The main aim of voluntary certification is to prove that products meet national or corporate standards. According to corporate standards production should meet safety criteria of the national standards controlled by the state. Noncommercial organization "National alliance of the participants of alcohol market" has already developed corporate standards about alcohol production. That is why on regional level it is necessary to develop the scheme and order of voluntary certification. However the problem of confiscate should be solved on national level as its practical solution needs money from the budget<sup>4</sup>.

Another active method of defending the consumer market is from alcohol fakes is creating the

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## The variant of changing the content of Par. 3.1 Art. 16 of the Federal law № 171

Article 16. The order of deliveries and retailing sales of alcohol production	
Active addition	New edition
Paragraph 3.1. Russian Federation subjects have the right to set additional restrictions of time of retailing sales of alcohol production containing more than 15 per cent of spirit	Paragraph 3.1. Russian Federation subjects have the right to set additional restrictions of time of retailing sales of alcohol production containing more than 15 per cent of spirit <b>for the companies accomplishing the retail sales of alcohol production (the exception is catering companies)</b>

systems of quality and safety of alcohol production in the regions. The idea of the system is that all production lots are controlled by checking the documents and taking samples from each lot. The activities of the suggested system is based on practical experience of Moscow city<sup>5</sup>, the first subject of Russian Federation where regional automation system of identifying the quality of alcohol production is used. This system is targeted at solving the problems of destabilization of the internal alcohol market that is why its function is not only in increasing the effectiveness of the quality control and safety of alcohol production, but also the control of the movement of this production in the region. The system made it possible to provide the operative research of a great number of participants of the system and analyze the results.

There is a number of measures already implemented in Mordovia. Among them are: firstly, the use of modern technologies of defending drinks from making fakes; secondly, the use of brand bottles with the label of the producer and exclusive bottles; thirdly, the use of special paper and covering on the labels; fourthly, insuring alcohol production by the producer.

One of the measures of reducing the illegal production is producing of the so called "people's vodka"<sup>6</sup>. This measure is influenced by the high degree of the differentiation of the population in the regions of Russia according to profits. . There is a lot of information in mass media about the poisonings by the low quality vodka. Such drinks are popular as they are cheaper and this makes people risk not only their health but also life. One third of the population of Russia can not afford to buy good quality vodka. According to the official data, in Russia more people die because of poisoning by bad quality alcohol and spirit than in car accidents - 40 thousand people a year<sup>7</sup>. The production of low price vodka can become one of the variants of solving this problem.

Present market mechanisms do not make it possible to regulate retail prices for alcohol pro-

duction depending on the condition of the economy of this or that region, consumption level and paying capacity of the population. It is possible to calculate the minimum price for vodka, it should include the costs related to production, taxes, imposed by Russian legislation, this regime should be also distributed for retailing sales. There should be a special regime that the retailing outlets can loose their license if they impose a higher price.

For the implementation of the regulating functions of regional policy there is a necessity to make decisions on federal level improving the control mechanisms of alcohol market on regional level that should include: 1) Creating a new body - Federal Alcohol Inspection in the structure of the government of Russian Federation, 2) setting the order of minimum prices for alcohol production on the federal level with setting the unified minimum price for alcohol production, 3) introducing the mechanism of setting minimum price for retailing on regional level depending on the state of economics, consumption level and etc.

The suggested measures will make it possible to regulate the process of selling alcohol production in the region, decrease the distribution of fake production, defend the national producer from competitors, and will provide the control of retailing sales of alcohol from the side of legislation bodies and the bodies of local self-governance.

<sup>1</sup> Voluntary certification // 2006. № 89-90. P. 1.

<sup>2</sup> All Russia conference on the problems of quality control and alcohol production safety // Food industry. 2006. № 1. P. 28-31.

<sup>3</sup> Abkhazian wines have appeared in Russian market again // <http://www.suar.ru>.

<sup>4</sup> Kurbanova N. Customs gives positive answer // 2006. № 89-90. P. 1, 3.

<sup>5</sup> Koshman M.Y., Polygina G.V., Abramova I.M. The ways of defending the consumer market from non quality and falsificated alcohol production // Food industry. 2006. № 1. P. 16-17.

<sup>6</sup> People vodka casts doubt // 2006. № 99-100. P. 1.

<sup>7</sup> Lidina Y.V. Drunkers were killed in Ancient Rome... // 2006. № 86. C. 4.