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Editorial address: 8, Kabanbay Batyr avenue, of.316, Nur-Sultan, Kazakhstan, 010000
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LEGAL PROBLEMS OF REGULATING AGRICULTURAL COOPERATION IN THE REPUBLIC OF KAZAKHSTAN

Lazzat Yerkinbayeva Daniya Nurmukhankyzy, Indira Nesipbayeva

Almaty, Kazakhstan

Abstract. This paper considers the main theoretical and practical issues of the legal regulation of an agricultural cooperative in Kazakhstan. First, agriculture is one of the main sectors of the economy of the Republic of Kazakhstan. The research of the legal problems of agricultural cooperation affects the solution of food security problems. The authors focus on the relevance of the studied problem, determined the place and role of agricultural cooperation, gives its definition by comparing different points of view of scientists, conducts a comparative analysis of the legislation of foreign countries in the studied area, identifies problems in the legislation and suggests ways to improve existing legislation in this area. Furthermore, the authors suggest legislatively consolidating the system of principles of agricultural cooperation.

Keywords: agrarian legislation, agricultural cooperative, environmental law, land law, problems of legal regulation, state mechanism.

Introduction. Nowadays, agricultural cooperative is one of the most widespread forms of entrepreneurial activity in agriculture in the world. Defining promising forms of cooperative management, it is useful to comprehensively study the world experience. The world experience of agricultural cooperatives is extensive and of great interest for the study and use by farmers of our republic. Foreign experience indicates that cooperatives operate in almost all the most important sectors of agriculture. Our own experience and world practice is widely used in the creation of cooperatives. This does not deny, but presupposes the participation of republican and regional AIC management bodies in the development of cooperation and integration. In addition, it should be noted that agricultural cooperatives in the agrarian sphere can and should be developed and occupy a corresponding niche in the country's economy along with other effectively functioning agro-industrial formations.

In the Republic of Kazakhstan, there are no scientific studies of the legal problems of agricultural cooperation in the context of new Entrepreneurial Code of the Republic of Kazakhstan and the Law of the Republic of Kazakhstan "On Agricultural Cooperation". There is no fully scientifically based methodological approach in a special literature. In the theory and practice of the development of macroeconomic relations, various forms of state influence on entrepreneurial activity are distinguished: fiscal, monetary, legal, and others. At the same time, in the modern conditions of globalization of the economy, it is necessary to develop an effective strategy for using these forms in enhancing entrepreneurship.

The above shows that the problems of agrarian transformations require close attention from the legal science, which should theoretically comprehend the role of the state and law in the process of forming a conceptually new model of agrarian policy, and propose legal tools for its effective implementation in the present conditions. The current stage in the development of society requires a rethinking of many tenets of socialist theory and practice in the field of agricultural cooperation and the justification of new priorities, a review of conceptual provisions.

The development of cooperation in the agrarian sector of Kazakhstan requires today new approaches in the implementation of the State program of the agro-industrial complex until 2020. The Republic of Kazakhstan has created an extensive legal framework for the development of cooperation.

October 29, 2015, Kazakhstan adopted the Entrepreneurial Code aimed at improving and developing legislation in the sphere of interaction between business entities and the state, supporting entrepreneurship, eliminating gaps and contradictions in the legal regulation of business relations [1].

The main part of the study. At the present stage of development, cooperation is recognized as the most perfect form of interaction. The idea of creating cooperation is based on the joint implementation of a project aimed at deriving economic benefits and having a positive socio-economic effect on the development of rural areas. Such a form of interaction can help activate the activities of economic entities, allow them to solve certain problems or increase the value of the resources involved.

In the current legislation of Kazakhstan, particularly, in the Civil Code, the Law on Agricultural Cooperatives, an agricultural cooperative is recognized as a legal entity in the organizational and legal form of a production cooperative created on the basis of membership by voluntary association of individuals and (or) legal entities for joint production and (or) other economic activities in order to meet their socio-economic needs in the production, processing, marketing, storage of agricultural household products, aquaculture products (fish farming), the supply of the means of production and material and technical resources, lending, water supply or other services for members of the cooperative, as well as associate members of the cooperative. They are legal entities with general legal capacity arising after their state registration, and act on the basis of the statutes adopted by the founders at meetings in accordance with the norms of general civil and cooperative legislation. The purpose of an agricultural cooperative is joint activities for the production, processing and marketing of agricultural products and the implementation of other activities not prohibited by law. Civil Code of the Republic of Kazakhstan [2] Art. 226 makes it possible to create production cooperatives based on a peasant farm: “members of a peasant or farm can establish a business partnership or production cooperative on the basis of the property of the farm. Such a reorganized peasant or farm as a legal entity has ownership of property transferred to it in the form of contributions and other contributions by members of the farm, as well as property obtained as a result of its activities and acquired for other reasons not contrary to the law [2].

The main problem of the effective development of the agro-industrial complex of the Republic of Kazakhstan lies in the small-scale nature of production, accompanied by a high proportion of small farms in the total gross agricultural output, the total number of agricultural formations, and the tendency to reduce their land plots.

It should be noted that according to the legislation on entrepreneurial activity, its implementation, including the conduct of agricultural production, is possible without the creation of a legal entity. In this case, the citizen leading such activities, i.e. acting in the role of commodity producer, has the legal status of an individual entrepreneur and the corresponding rights and obligations of the participant in commodity-money and legal relations forming them.

All agricultural commercial organizations and enterprises are holders of complex legal personality, that is, they can be participants in administrative, civil, labor, cooperative, land and other legal relations. The range of such legal relations with the participation of agricultural commercial organizations (enterprises) is very wide and varied. It is determined for each particular enterprise primarily by the nature of its industrial and commercial activities, industry specialization.

The subject of law is one of the most important categories of legal science and practice. Without subjects there is no legal relationship. In our opinion, the subjects of agrarian legal relations can be, first of all, individuals and legal entities engaged in agricultural activities.

According to G.E. Bystrov “the key to determining the circle of participants in agrarian relations is the concept of agricultural activity” [3]. (Bystrova, 2000). *The current legislation focuses on the implementation of commercial agricultural production. What signs are inherent in commodity agricultural production and what it is. The current legislation, including the law “On state regulation of the agro-industrial complex and development of rural territories” does not give an answer, which in practice leads to discrepancies and misinterpretation of legislative requirements [4].*

Unlike our country, Russia took the path of adopting a special law “On the Development of Agriculture” dated December 27, 2006, which regulates relations arising between citizens and legal entities recognized by agricultural producers, other citizens, legal entities, government bodies in agricultural development.

According to the document under consideration, agricultural production recognizes a set of economic activities for growing, producing and processing, respectively, agricultural products, raw materials and food, including the provision of relevant services. The above definition shows that the position of the Russian legislator is a fairly broad understanding of this concept.

In our opinion, agricultural production is an activity that is inseparably linked with the use of agricultural land for the purpose of producing agricultural products for own and other needs. It should be noted that earlier in the conditions of the socialist form of economic management there was a Classifier of branches of the national economy and agricultural and industrial products. It was convenient because it could be clearly defined to which type of activity, product, one or another activity or product could be attributed, and therefore the creation of such an instrument in the conditions of market relations is also necessary. For example, mushrooms that grow in the forest or on agricultural fields are agricultural products or not, and if they are specially grown for the purpose of sale? Therefore, the need to create such a document in the form of a catalog or classifier has arisen. Moreover, such analogues already exist, for example, by the order of the Department of Food Resources of the Government of Moscow dated 04.10.04 01-P-291/4, the Classifier of agricultural products, raw materials and food was introduced. It says that this document was created in order to unify information of the enterprises of the wholesale food complex on the distribution of agricultural products, raw materials and food, linking indicators with the All-Russian Product Classifier and systematize the collection of data on availability, supply, prices and sales of food products in the city.

Such features as, firstly, the use of land as the main means of production, and secondly, the focus on the production of agricultural products (plant growing, animal husbandry, beekeeping) are inherent in agricultural production.

In order to determine whether this is a commodity activity or not, it is necessary, in our opinion, to work out a number of criteria on the basis of which it is possible to determine the presence of commodity production. These include the following:

- Purpose and types of agricultural production. It should be carried out with a view to profit. As for the types of production, for example, in the personal subsidiary (household) such products are created in order to meet their own needs.

- The size of the land used for agricultural production. This criterion is of great importance. For example, the Land Code provides that for the management of personal subsidiary households, Kazakhstan citizens can be provided with free of charge 0.25 hectares on non-irrigated and 0.15 hectares on irrigated lands, and the limits are set by local representative [5].

For peasant (farmer) farms and legal entities leading commercial agricultural production, the maximum (maximum) norms of land plots, which may be in private ownership or land use, and the minimum ones are not established.

In practice, the fact of the creation of a farm or a legal entity already gives grounds to state the existence of commodity production. Establishing the size of a land plot from which it is possible to judge the management of commodity production is important now, in conditions when many peasant farms are not officially registered with the real estate authorities.

- organizational and legal form of activity on the land plot. These include legal entities and individual entrepreneurs engaged in agricultural production for profit. In this regard, I would like to note that “the expansion of agrarian legislation beyond land relations in their narrow sense led to its inclusion in its orbit as a central legal institution in the field of agricultural regulation, the institute of an agricultural enterprise, therefore the problem of agricultural activity as a subject of legal regulation closely related to the problem of an agricultural enterprise, as an economic and

legal category” [6]. Determining the availability of commodity agricultural production is necessary in order to properly implement the norms of the current Land Code of the country, which requires that agricultural land be provided to private ownership or use of peasant farms and non-state legal entities of the RK for commercial agricultural production. (Article 24, 97). This means that not for all types of agricultural activity, agricultural land can be made privately owned. For example, if an economic entity deals only with the processing or sale of agricultural products, it cannot be the owner of agricultural land, because in its activities the land does not play the role of the main means of production, it plays the role of a spatial basis. Therefore, many studies use the term “primary processing”, “sales of own production”, which indicates that agricultural activity in the agrarian and legal aspect takes place when it comes to the close connection of the production process, and only then its subsequent stages, that is, the processing and sale of agricultural products.

Food security, as an integral part of economic and national security, always has priority and global significance. The priority of food security is that the life of the whole society is directly dependent on the provision of food. The higher the level of food security, the higher the country's power in the economic, political and social direction. That is, it is, firstly, providing the people with food from a physiological position determines their livelihoods. Secondly, it determines the political independence of the state and ensures its economic stability. This problem is a global problem, which is a problem for all states of the globe. Therefore, the problem of food security is very relevant.

The agricultural sector plays a significant role in ensuring the country's food security. The agricultural sector is a priority and important sector of the economy. The priority and importance of this sector is determined by the fact that the agricultural sector is engaged in the production of agricultural products, which provides the country with food and raw materials.

The role of agricultural cooperatives in ensuring food security is that agricultural cooperatives cover the entire cycle of agricultural production: from direct cultivation and processing to its implementation, which ensures its sustainability [7]. Agricultural cooperatives facilitate the integration of agricultural producers. As a result - the growth of expanded reproduction, the attraction of investment in agriculture. Agricultural cooperatives for their members, ensuring their employment and participation in the distribution of incomes, increase their level of effective demand for food products. Since their members are also consumers of agricultural products produced by agricultural cooperatives, agricultural cooperatives produce environmentally friendly products and ensure the rational use of land and other natural resources.

The practice of foreign countries shows that the system of production and sale of products of the agricultural sector of the economy is based on the system of cooperation and small producers and agro-industrial integration. Features of the development of the system in the context of various countries are determined by economic, social and historical conditions. Cooperation here is considered as an association of individuals based on voluntary membership for the organization of collective entrepreneurship based on the combination of property share contributions.

It should be noted how the governments of foreign states support the development of agricultural cooperation.

Currently, cooperation in Germany, France, the Netherlands, the USA and other developed countries has become the main form uniting agricultural producers in order to gain access to loans, necessary material resources, opportunities sales of agricultural products.

Throughout the entire period of development of agricultural cooperation in the United States, the state constantly provided substantial assistance to cooperatives by participating in the provision of long-term loans on special conditions for the entire system of cooperative lending.

The main advantages that agricultural producers have from participating in cooperatives in the USA are determined by the following conditions: increase in the cooperative's income due to the formation of large quantities of agricultural goods; reduction of costs for storage and sale of

agricultural goods; the ability to use the services of transportation, storage, transformation, packaging, quality control of goods, etc .; effective marketing and logistics system; ensuring constant and search for new channels for the sale of goods; cooperation with farmers with similar problems, therefore, joint interests in the search for effective ways to solve them.[8].

Cooperatives in the United States constantly receive tax incentives from the government. In accordance with the Federal Law on Taxation in the United States, tax is paid at the same level - this is the level of the cooperative or its member. Funds that are involved in business cooperation do not become corporate income and therefore are not taxed [9].

In Germany, the activities of cooperatives are regulated by legislation on consumer and production cooperatives. All cooperatives, including agricultural ones, have been given a unified legal status. To stimulate the development of cooperation in the country, the German federal government provides material assistance and tax incentives to cooperatives. The taxable amounts of farms engaged in production services and supplies, as well as farm cooperatives engaged in the production, processing and marketing of agricultural products, economic operations of the cooperatives themselves with their participants, are not included in taxable amounts. Substantial encouragement of cooperative activities is also significant support.

Agricultural cooperation in the Netherlands is understood somewhat differently than in Kazakhstan. The Dutch cooperative is an economic organization whose founders and owners are farmers. Typically, cooperatives are created by farmers in response to adverse market conditions, which become their common problem: difficulties in selling products, low prices offered by resellers, difficulties in purchasing seeds, equipment, fertilizers, etc. Combining efforts to solve these problems by creating cooperatives, farmers greatly facilitate their lives and strengthen their market position. In this case, the production of products is carried out by each farmer separately, in his own farm. Farmers, as a rule, do not take direct labor participation in the work of the cooperative; employees employed by the cooperative do this, but all important decisions in the cooperative are made exclusively by its founders, that is, farmers [10].

In France, in the Law on Cooperation, cooperatives are defined as companies whose main objectives are to reduce the cost or sale price of goods and services, as well as improve the quality of manufactured goods and customer service.

The country has established the Ministry of Social Economy, which, while creating conditions for the development of cooperation, does not interfere in the operational economic activities of the cooperatives themselves. Moreover, the state considers cooperation as the third sector of the economy after public and private [11].

First of all, the legal basis for cooperation in Italy is Article 45 of the Constitution of the Italian Republic of 1947, which states that the Republic recognizes the social function of cooperation based on mutual assistance and not pursuing speculative goals. Italian law also distinguishes between societies that aim to make a profit, as well as mutual aid societies, which include cooperatives. They are exempt from taxes during the first ten years of their activities in full. In addition, goods and services sold within this cooperative are also not subject to value added tax. The state exempts consumer cooperation from the need to trade in the deep zones of the country where trade is unprofitable, and creates its own stores for this [12].

The Russian legislator is more consistent in this area. As an agricultural producer, the law recognizes the organization of an individual entrepreneur engaged in the production of agricultural products, their primary and subsequent (industrial) processing (including leased assets) in accordance with the list approved by the Government of the Russian Federation. The sale of these products is subject the total income of agricultural producers' share from the sale of these products is not less than seventy percent in a calendar year. This provision allows to judge about the presence of the fact of commodity production. It takes place in the presence of 70% of the sold agricultural products of own production or processing during the calendar year. The formulation "subsequent industrial" processing is not entirely clear. In our opinion, this type of economic

activity is not directly related to the use of land as the main means of production, therefore the inclusion of private ownership of agricultural land in the subjects is undesirable.

The progressive provisions of this law, in our opinion, should be adopted and implemented in national legislation.

According to the current land legislation of the Republic of Kazakhstan, both state and non-state legal entities can act as subjects of rights to agricultural land plots. Thus, the subject of the law of permanent land use, according to Art. 34 of the Land Code of the Republic of Kazakhstan may be state land users engaged in agricultural production, as well as research, experimental and educational activities. As for non-state structures, the land legislation does not specify the particularities of the legal regime of land plots of such entities, only stipulating that they can act as actors, both the rights of temporary land use and the rights of private ownership of agricultural land.

According to Amirkhanova I.V. "The legal framework for agricultural entrepreneurship of individuals and legal entities is significantly different due to the specifics of determining the land regime as the main means of production used for this activity.

The identification of types of entrepreneurial activity is possible according to several criteria, namely: the criterion of the fundamental principle of entrepreneurial activity — the form of property on which it is carried out; according to the criterion for determining a business entity and its organizational and legal forms.

The main specific division of entrepreneurship, depending on the form of ownership in accordance with the current legislation is into private and state entrepreneurship. In addition, legal forms of entrepreneurship can be distinguished, first of all, by legal subjects of entrepreneurial activity which is the entrepreneurship of individuals and legal entities.

Legal support of agricultural entrepreneurship of individuals and legal entities has significant differences in connection with the specifics of determining the mode of land as the main means of production used for this activity. These differences are manifested in the formation of agrarian business entities, at the initial stage of providing the opportunity for the state to use land for business, throughout the entire period of the activity itself. There should be created a separate niche for agricultural entrepreneurship in the legislative design

Among all agricultural producers, a certain percentage of the production of agricultural products accounted for agricultural organizations.

In the current legislation of the Republic of Kazakhstan, there is no well-established definition of the concept of agricultural organization. In our opinion, it is necessary to distinguish the concepts of "agricultural organization" and "agricultural commodity producer". They should not be equal in the meaning. Why? We will try to clarify our position.

Firstly, the agricultural organization has the status of a legal entity, whereas an agricultural producer may be an individual. Secondly, not every agricultural organization directly participates in the production and primary processing of agricultural products. For example, an agricultural partnership may be created with the aim of providing various services. Thirdly, the land is not always the main means of production of such an agricultural organization, which is engaged in the provision of various types of sales, supply and other services. Fourthly, the agricultural organization should be recognized as the organizational and legal form of agricultural entrepreneurship, since it is associated with agricultural activities, agricultural business, and its implementation involves making profit or solving some statutory tasks. To narrow the circle of subjects of agrarian business, recognizing only agricultural producers, as it was suggested by I.V. Amirkhanova, in our opinion, is wrong.

Currently, the state is interested in the development of various organizational and legal forms of agrarian entrepreneurship. Therefore, it creates economic conditions to stimulate the activities of both agricultural producers and other economic entities in the agricultural business, for example, the activities of a rural consumer cooperative, agricultural partnership.

In this regard, there is an urgent need for legislative differentiation of the above concepts, in order to determine their legal personality. Automatic recognition of all agricultural organizations by agricultural producers will lead to “squandering” of agricultural land, which is unacceptable luxury. Land legislation is in the position that agricultural land is provided for agricultural production. Therefore, regulatory authorities should be armed with specific statutory regulations that allow to judge the existence of such production in order to exercise effective control over the use of agricultural land and the assessment of its quality. We focus not on all agricultural land; we are talking only about farmland.

The presence of these practical problems is explained by the fact that the current legislation does not contain a clear understanding of the agricultural organization. This question is not answered in the agrarian and in the land legislation, although many agricultural scientists recognize the existence of an independent legal institute “Organizational and legal forms of agricultural organizations”, which shows the content of all foreign and domestic textbooks on agrarian law. Moreover, there is a lack of comprehensive scientific research in agrarian and legal science in this area, which requires its solution.

Currently, the following factors can be identified that hamper the development of cooperation of rural producers in the production and sale of products, material and technical supply and the provision of services:

- low income of the rural population, small and medium-sized rural businesses, not allowing them to provide the necessary starting capital for the creation and operation of cooperatives;
- inaccessibility of bank loans, poor development of financial services delivery systems to small and medium rural enterprises;
- lack of qualified personnel and a mechanism for their search, training and consolidation;
- low level of awareness of rural residents about the benefits of cooperation;
- low level of legal culture in the countryside, the practical lack of public awareness of the legislative conditions of activity;
- a high level of distrust of the population in any created structures, as a result of which there is inertia, indecision, unwillingness to invest in any projects.

In the Republic of Kazakhstan, the legal and economic foundations for the creation and activities of agricultural cooperatives and their unions constituting the system of agricultural cooperation are determined by the Law of the Republic of Kazakhstan from October 29, 2015 No. 372-V “On Agricultural Cooperation”. According to Art. 5 of the law, an agricultural cooperative is a legal entity in the organizational and legal form of a production cooperative created on the basis of membership by voluntary association of individuals and (or) legal entities to carry out joint production and (or) other economic activities in order to meet their socio-economic needs in production, processing, marketing, storage of agricultural products, aquaculture products (fish farming), the supply of the means of production and material technical resources, crediting, water supply or other servicing of members of a cooperative, as well as associate members of a cooperative [12]. The main activities of agricultural cooperatives are the production, processing, marketing, storage of agricultural products, aquaculture products (fish farming), the supply of production facilities and material and technical resources and other types of services for members of the cooperative, as well as associated members. Thus, paragraph 5 of Art. 96 of the Civil Code of the Republic of Kazakhstan established that the legal status of an agricultural cooperative formed in the form of a production cooperative, as well as the legal status, rights and obligations of its members are determined by this Code and other Laws of the Republic of Kazakhstan, except as provided by the Law of the Republic of Kazakhstan “On Agricultural Cooperatives”.

However, paragraph 2 of Art. 2-1 of the Law of the Republic of Kazakhstan dated October 5, 1995 “On Production Cooperative” [13], it is established that this Law does not apply to relations on regulation of the legal status of an agricultural cooperative formed in the form of a

production cooperative, as well as the legal status, rights and obligations of its members, which are determined by the Law of the Republic of Kazakhstan "On Agricultural Cooperatives". Thus, on the one hand, the legislation establishes that an agricultural cooperative is created and operates in the form of a production cooperative. On the other hand, it does not allow the application of the norms of the Law on Production Cooperatives to agricultural cooperatives. Even more confusion in this issue makes paragraph 4 of Art. 5 of the Law on Agricultural Cooperatives, according to which the company name of an agricultural cooperative must include its name with the words "agricultural production cooperative" or the abbreviation "APC". Another problem is related to the introduction of the law on agricultural cooperatives. It has also been established that rural consumer cooperatives, rural consumer cooperatives of water users, agricultural partnerships are required to undergo a reorganization or liquidation procedure in accordance with the legislation of the Republic of Kazakhstan. If these requirements are not fulfilled after one year from the moment this Law enters into force, these cooperatives are subject to liquidation by a court decision. At the same time, the Law does not indicate in what form the reorganization should be made. Probably, the developers of this Law and the legislator have left this question to a consideration of the members (participants) and the heads of these legal entities, as well as the registration authorities.

However, it is obvious that in whatever form such reorganization is supposed, it cannot be carried out with the preservation or appearance (the last - during reorganization in the form of division, separation or merger) of legal entities of the mentioned organizational and legal forms. In other words, due to the repeal of the aforementioned Laws, rural consumer cooperatives, agricultural partnerships and rural consumer cooperatives of water users were excluded from the list of legal forms of legal entities. There remains a transformation, but into what form a legal entity? There are only two options: a "simple consumer cooperative" or an agricultural cooperative (but not a religious association, a political party, an autonomous educational organization, a cooperative of apartment owners or a notarial chamber). But both options are also flawed. The possibility of transforming into "just a consumer cooperative" does not contradict the law, but shows the imperfection of the system of non-profit organizations themselves. Unlike the list of commercial organizations closed by the Civil Code, the list of forms of non-profit organizations is "half-open" to other legislation (Art. 34 Civil Code). The Law from January 16, 2001 No. 142-II "On Non-Profit Organizations" also did not "close" it [14].

The possibility of transforming rural consumer cooperatives, rural consumer cooperatives of water users and agricultural partnerships into agricultural cooperatives is even more difficult issue. It would seem that the answer is "on the surface" since the laws on the specified forms of legal entities were put on cancellation in connection with the adoption of the Law on Agricultural Cooperatives, they should be transformed into a legal entity of this legal form. S.I. Klimkin runs into the question of the very possibility of transforming non-commercial legal entities into commercial ones. Supporters of the idea of the possibility of such a transformation usually put forward the thesis: in civil law, in contrast to administrative and criminal law, the principle is "Everything is allowed that is not prohibited." Since it does not contain a direct ban on the transformation of a non-profit organization into commercial civil law, it means that such a transformation is possible. However, in his opinion, this approach to the fundamentals of legislative regulation of legal relations is detrimental [15].

After all, in addition to the method of direct prohibition (imperative) and the principle of the freedom of civil legal relations (for example, the regulation of contracts), there are less categorical methods of regulation, for example, through a prescription. However, none of the laws of the Republic of Kazakhstan directly devoted to the organizational and legal forms of commercial organizations: "On State Property" [16], "On Economic Partnerships" [17], "On Limited and Additional Liability Partnerships" [18], "On Joint-Stock Companies" [19], and "On the production cooperative" from October 5, 1995 №2486 does not allow the possibility of

creating a commercial organization by transforming it into a non-profit organization. In other words, there is no such permission.

Conclusion. Summing up this brief study of the legal status of agricultural cooperatives, it should be that the developers of the law on agricultural cooperatives violated the integrity of the system of organizational and legal forms of commercial legal entities that its creators, the authors of the Civil Code of the Republic of Kazakhstan, are proud of.

The new law eliminated many of the flaws and mistakes made in previous laws. Today, in many regions of the country, agricultural producers are increasingly expressing a desire to unite in cooperatives.

The new law establishes the following principles for the creation of agricultural cooperatives:

- voluntary entry into the agricultural cooperative and exit from it, the possibility of entry for any person;
- democratic governance based on equality of members of the cooperative: one member - one vote, regardless of the size and quantity of property (share) contributions, with the exception of associate members of the cooperative;
- election and accountability of the management bodies of the agricultural cooperative to the general meeting of its members;
- autonomy and independence of agricultural cooperatives;
- the agricultural cooperative sells goods (works, services) to its members at their cost price;
- mutual assistance and provision of economic benefits for members of the cooperative;
- availability of information on the activities of an agricultural cooperative, an association (union) of agricultural cooperatives for all their members.

Analysis of the development of the agro-industrial complex of the Republic of Kazakhstan shows that in order to increase agricultural production, to increase competitiveness and to ensure food security, it is necessary to create large commodity farms. Only in large commodity farms it is possible to conduct expanded production and introduce innovative technologies. The solution to this problem is the development of economic mechanisms for the association, merger of small farm into large commodity farms, mutual assistance and mutual responsibility to each other.

A study of the history of the development of cooperation in Kazakhstan shows that cooperation is a powerful ideological and economic force capable of solving complex problems in the world structure. The effective functioning of such production structures is possible with their proportionality, consistency, rhythm, rational economic relations and production relations. One of the forms of cooperation in Kazakhstan, which functioned for many years, was the collective farms, which were created with the aim of eliminating private ownership of land and for a rapid transition to socialism and communism. In the years of the emergence of Kazakhstan as an independent state in the 1990s, in order to boost and strengthen the economy of the agrarian sector, the government of the republic adopted a program on the denationalization and privatization of state agricultural and other agricultural enterprises. The mechanism of privatization led to the fragmentation of the former state and collective farms into medium and small farms. Subsequently, medium-sized farms turned into small ones, and small ones went bankrupt and filled up the ranks of households. Based on the above problems, it is necessary to create financial institutions in order to develop agricultural cooperation in Kazakhstan; provide state subsidies to agricultural cooperatives for the reimbursement of expenses for the payment of interest on loans and borrowings; improve the procedures for granting preferential loan.

Today, a wide circle of stakeholders is involved in the process of creating and developing agricultural cooperatives: government agencies, research and educational centers, business structures from both the agricultural and non-agricultural sectors, agricultural producers. And it should be noted that among them there is still no common understanding of the essence of

cooperation in the agricultural sector, including both the production process and the types of work of a post-production nature (cleaning, storage, processing, marketing and others). This causes certain difficulties in creating cooperatives, and first of all, farmers who are not fully aware of the key conditions and requirements set out in the new law face difficulties, which in turn contain provisions contrary to the norms of other laws of the country. This leads to further complication of the situation.

In our opinion, government bodies should support agricultural cooperatives with the following measures:

- a) the development and implementation of projects and programs for the development of agricultural cooperatives;
- b) providing agricultural cooperatives with the opportunity to use preferential credit resources and grants, including state grants;
- c) providing advice and appropriate advice to agricultural cooperatives;
- d) determination of tax incentives for agricultural cooperatives.

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Information about the author:

Lazzat Yerkinbayeva Doctor of law, Professor, Al-Farabi Kazakh National University/Almaty, Kazakhstan

Daniya Nurmukhankyzy PhD, Zhetysu state university named after I. Zhansugurov (e-mail: daniyafmo@mail.ru).

Indira Nesipbayeva Doctorate student of Zhetysu state university named after I. Zhansugurov