

TIES 2020**International conference «Trends and innovations in economic studies»****FOOD EXPORTS: REGIONAL ASPECT**

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Abstract

Stable economic development is an urgent problem for all the Russian regions, including Irkutsk oblast. The key indicator evaluating regional economic development is the gross regional product whose factor is the share of food exports. The President set the task to increase the volume of exports of non-commodity goods with high added value, which requires an analysis of new mechanisms for its implementation. Under the sanctions, agricultural producers can increase the volume of produced and processed agricultural products with high added value and organic products, create infrastructure, increase profitability, and help enter new foreign markets. Therefore, public support for export-oriented projects through concessional lending and improving the regulatory framework is required. In order to remove administrative barriers, the availability of public measures and support for exporters and increase the number of exporters and export volumes, a public institute has been created. It allows the interaction with exporters in the field of financial and non-financial support and ministries and departments that deal with the development of foreign economic activities.

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1. Introduction

The agricultural sector of Irkutsk oblast makes a significant contribution to the gross regional product, strengthening the regional economy and ensuring the food independence. The agricultural sector produces 5.1 % of the gross regional product, against 4.7 % in the Siberian Federal District and 4.6 % in the Russian Federation. Agriculture interacts with more than 60 sectors and sub-sectors of national economy, purchasing their products or supplying them with its own products, and the agricultural sector is strengthening its position in the foreign market.

2. Problem Statement

On the one hand, the adequacy and usefulness of food is a measure of the well-being of the nation. On the other hand, food is being used in the political confrontation between systems and states, as evidenced by the sanctions and anti-sanctions on food products. In response to the Western sanctions, Russia imposed a ban on food imports from the US, EU, Norway and other countries (Person Agency). It should be noted that the sanctions have a positive impact on cooperation with other countries, taking them to a new level of development (Nechaev, Zakharov, & Troshina, 2017, p. 550). Agri-food markets have adapted in various ways:

- the meat market – due to the growth of domestic industrial commodity production; the fish market – due to the redistribution in favor of other exporting countries, the increasing domestic production and cheaper meat;

- the market of milk and dairy products – due to the increasing domestic production and strengthening positions of Belarusian producers in the Russian market, where there are risks of further deterioration of the situation for producers;

- the market of fruit and vegetables – due to the increasing household (natural, non-commercial) production and partial switching to other foreign suppliers (Ushachev et al, 2017).

It should be noted that some foreign brands, as well as some Russian companies that imported products to the Russian markets, either left or reduced their share, but there are new domestic producers (the cheese market), and the share of domestic trademark brands in retail chains has increased.

For national agricultural producers, the sanctions contributed to the development of competition and improved quality of products (Kobtseva et al., 2017), which increased the volume of own production for import substitution (Kosinsky, Bondarev, & Bondareva, 2015; Pershukevich, Gritsenko, & Chu, 2016). On the contrary, exports of food products and agricultural raw materials increased from 1.9 % in 2005 to 5.8 % in 2017, which is a positive development trend.

In order to increase the profitability of national agricultural producers (Kundius et al., 2016; Sidorchukova & Ilyashevich, 2008) and the foreign trade turnover, it is necessary to increase the production volume and enter new foreign markets. For this purpose, JSC “Russian Export Center” was created. It aims to interact with exporters in the field of financial and non-financial support.

JSC “REC” created a consulting center developing food export competencies. The center for food export analysis was created under the Ministry of Agriculture of the Russian Federation, and measures aimed to increase the number of foreign markets were implemented. Employees of the Russian

agricultural supervision department were trained and new equipment was purchased to ensure compliance with safety requirements of countries importing Russian cereals; diagnostic tests were carried out to obtain the status of the international epizootic Bureau for Infectious Animal Diseases. Systems ensuring safety of agricultural products and food, supervising animal and plant health, and controlling product origin were modernized. Regional sub-brands of agricultural export products were developed.

3. Research Questions

The decree “On National Goals and Strategic Tasks of Development of the Russian Federation for the period until 2024” aims to achieve target indicators for food exports – 45 billion US dollars by 2024. The agricultural policy, including public support mechanisms are aimed at improving international competitiveness of Russian products in order to ensure their presence in foreign markets (Tyapkina, Mongush, & Ilina, 2019, p. 2).

It is necessary to increase the volume of production and processing of agricultural products with high added value (Pershekevich & Chu, 2015), support export-oriented projects (soft loans, improving the regulatory framework), as well as produce organic products (Petukhova & Shelkovnikov, 2013), which are in increasing demand in foreign markets. It is also necessary to develop an infrastructure.

4. Purpose of the Study

Along with an analysis of the dynamics of indicators of food exports and imports, the article studies promising external agri-food markets in order to increase the income of agricultural producers.

5. Research Methods

During the analysis of the development of agricultural exports, the main focus is on the comparison of exported food products of Irkutsk region, the Siberian Federal District and Russia as a whole. Data from the Federal State Statistics Service of the Russian Federation and the Siberian Customs Administration were used.

6. Findings

The dynamics of the GDP growth rate in Irkutsk region for 2005–2017 is presented in Figure 01. It is declining.

Both in the Siberian Federal District and the Russian Federation, the most significant GDP decline in agriculture, hunting and forestry falls on 2010 and 2012, which indicates the impact of the global financial crisis on national and regional economies. In Irkutsk region, a significant decrease was observed in 2010 and 2012 (Figure 01).

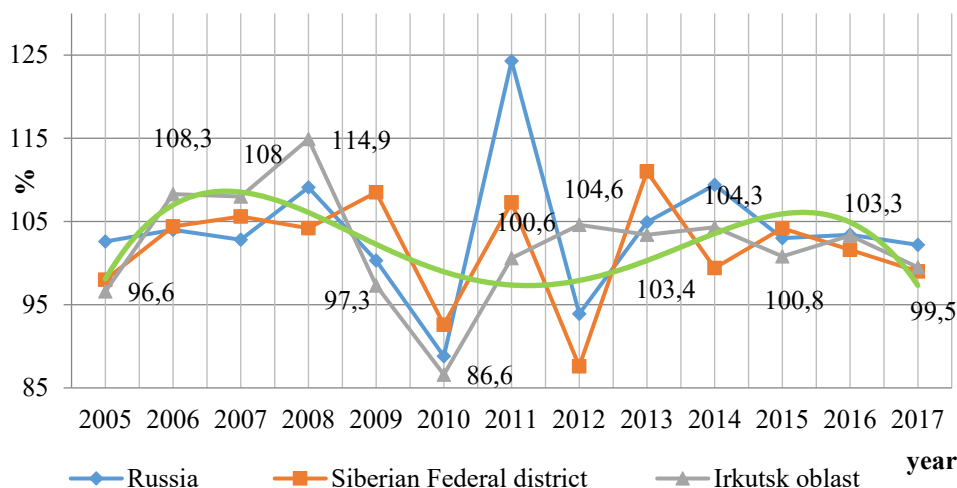


Figure 01. Dynamics of gross regional product in agriculture, hunting and forestry for 2005–2017 (% to the previous year)

In 2017, in the structure of GDP, the share of agriculture, hunting and forestry was 4.6 % (Figure 2), which is lower than their share in 2005 (5.2 %) and 2015 (5.1 %). In the Siberian Federal District, it was slightly higher – 4.7 %, which is significantly lower than the shares in 2005 (7.3 %) and 2009 (7.4 %). In Irkutsk region, it is 5.1 %, which is significantly lower than in 2005 (8.7 %). In 1990, the share of agricultural products accounted for 15.4 % of GDP (Figure 02). Despite the decline, agriculture, hunting and forestry occupy one of the leading in the the economy that determine the pace of development of the sphere of material production.

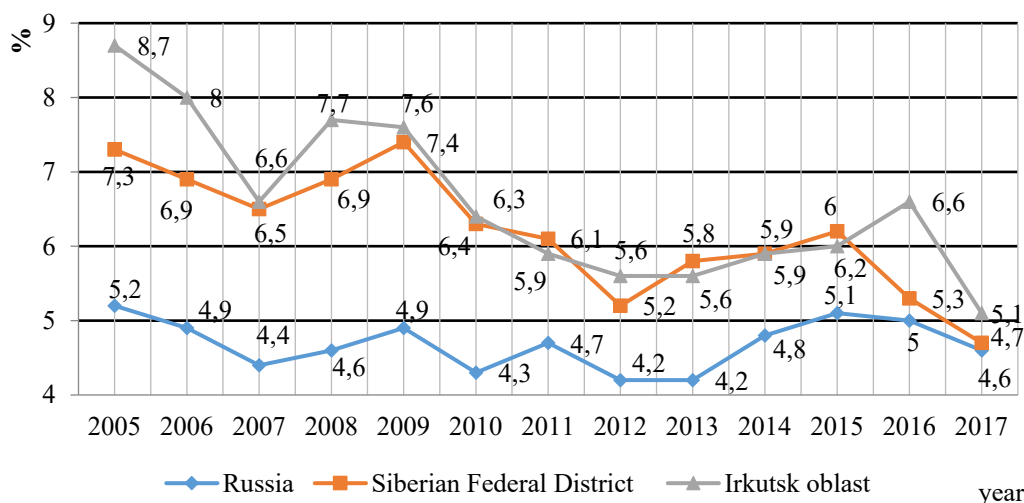


Figure 02. Share of agriculture, hunting and forestry in GDP (sectoral structure), %

In 2017, the volume of imports of food products and agricultural raw materials decreased by 29.1 % compared to 2012, by 33 % compared to 2013 (Figure 03). It amounted to 28.9 million US dollars.



Figure 03. Growth rate of exports and imports of food products and agricultural raw materials in the Russian Federation

The exports volume increased 4.6 times in 2017 compared to 2005. Since 2016, it increased by 21 % and amounted to 20.7 billion US dollars. The exports of cereals increased by 27.6 % (in 2017, the export price of wheat was \$ 191.8 per ton), the share of exports of sunflower, safflower or cottonseed oil and their fractions increased by 29.9 %, white sugar – by 5.4 times, pork – by 1.5 times, poultry – by 42.1 % (Figure 04). One of the most important conditions for export development is the removal of existing barriers and new markets of sugar beet, grain, oil and fat, confectionery, and poultry. In 2017, there were 20 inspection visits of foreign auditors. They allowed Russia to sell livestock products. 200 thousand diagnostic studies on cereals were carried out. In order to support exporters and identify products with a high export potential, the Center for Analysis of Exports of Agricultural Products was created.



Figure 04. Share of food products and agricultural raw materials in the structure of exported and imported products

The share of food products and agricultural raw materials in the structure of imports decreased from 17.7 % in 2005 to 12.7 % in 2017 (Figure 05), which is due to a decrease in food products from the USA, EU, and Norway. In 2015, imports of fresh and chilled fish decreased by 66 %, poultry meat – by 44 %, butter – by 38 %, cheese and cottage cheese – by 37 %, frozen beef – by 37 %. Only the volume of

imported dried, salted and smoked fish (23 %), milk and cream, condensed or with added sugar (5 %), fresh and chilled beef (4 %) increased (Tyapkina, Vrublevskaya, & Samarukha, 2019, p. 4).

Agricultural production is of regional nature, although there is an access to the foreign market (Khokhlova, Kretova, & Burov, 2019, p. 2).

In 2017, 73.6 thousand tons of meat and meat products, 97.5 thousand tons of milk and milk products, and 72.1 million eggs, 7.1 thousand tons of potatoes and 75.9 thousand tons of vegetables were imported to Irkutsk region.

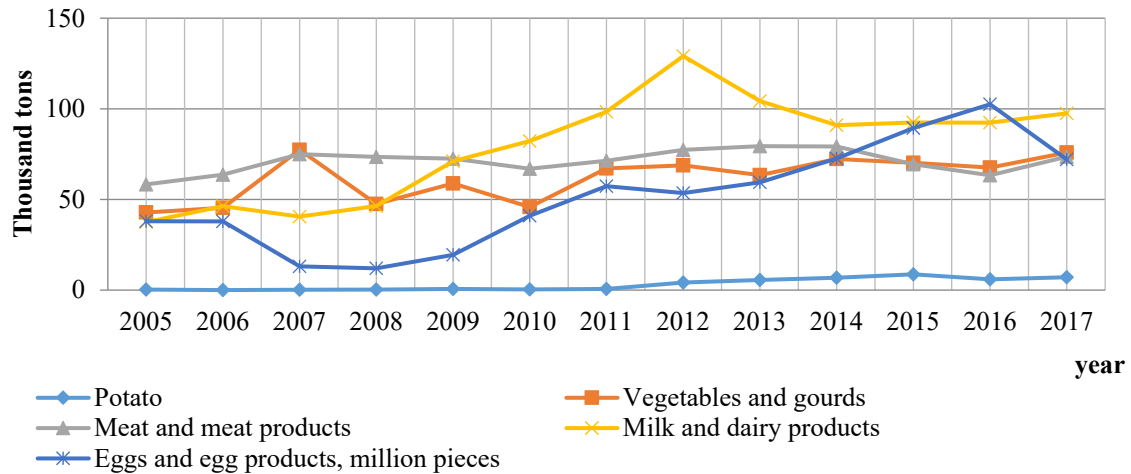


Figure 05. Dynamics of imports of agricultural products, including imports to Irkutsk region for 2005–2017

The volume of potato exports decreased up to 1.4 thousand tons (Figure 6), vegetable exports – up to 1.1 thousand tons. Egg exports increased by 20 % in 2017 compared to 2005 and amounted to 460.7 million, milk and dairy products exports increased 3.2 times and amounted to 28.8 thousand tons, meat exports increased 5.1 times and amounted to 12.2 thousand tons (Figure 06).

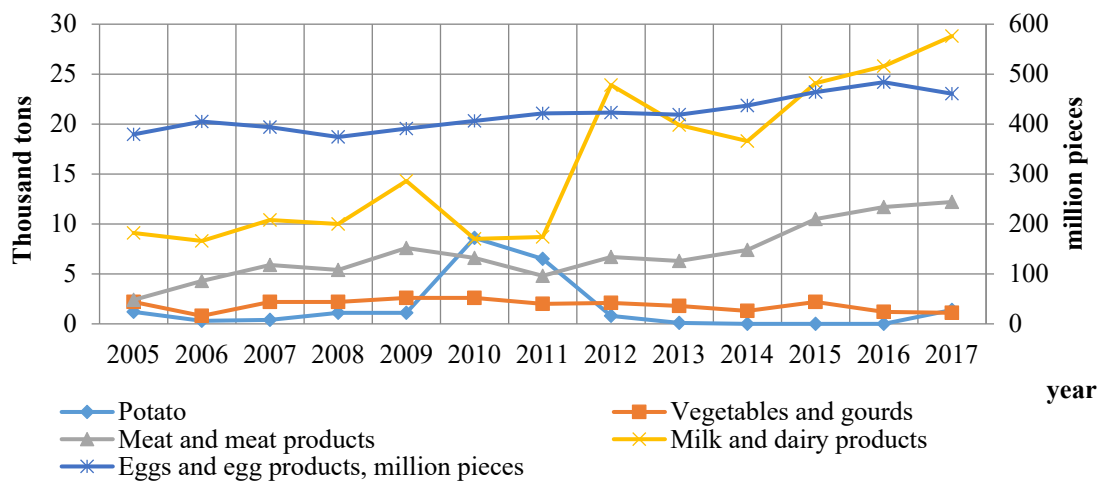


Figure 06. Dynamics of exports of agricultural products, including exports from Irkutsk region for 2005–2017

In 2018, agricultural exports from Irkutsk region increased by 8.8 % compared to 2017 and amounted to 33.8 million US dollars (Table 01). With the development of agricultural production, it is planned to increase food exports to the Asia-Pacific region.

Table 01. Dynamics of exports and imports of food products and agricultural raw materials

Parameters	2011	2012	2013	2014	2015	2016	2017	2017/ 2011, %
Irkutsk oblast, thousand dollars								
Exports	24356	30526	34525	25316	22036	28671	31069	128
Imports	17226	19979	17555	18544	16116	16023	37057	215
Parity	1.41	1.53	1.97	1.37	1.37	1.79	0.84	-
Siberian Federal District, thousand dollars								
Exports	no data	no data	306920	291406	295015	629353	735178	239
Imports	680397	579044	578710	618509	513815	562917	737783	108
Parity	-	-	0.53	0.47	0.57	1.12	1.00	-
Russian Federation, million dollars								
Exports	13330	16769	16262	18981	15215	17075	20699	155
Imports	42544	40655	43255	39905	26650	25072	28924	68
Parity	0.31	0.41	0.38	0.48	0.57	0.68	0.72	-

In 2017, in Russia, the total foreign trade turnover for food products amounted to 49.6 billion dollars, of which Exports took 20.7 billion dollars. The share of mineral products accounted for 60.4 % (an increase by 28 %), the share of machines, equipment, and vehicles was 7.9 % (+ 15 %), food – 5.8 % (+ 21 %) (see table. 01above), wood – 3.3 % (+ 20 %). The share of imported products was 28.9 billion rubles, including 48.6 % of machinery, equipment and vehicles (an increase by 28 %), 17.7 % of chemical products (+ 19 %), 12.7 % of food products (+ 15 %). If the share of exported products is lower than the share of imported products, the ratio is 0.72 and the export growth rate is significantly higher than the import one (compared to 2011, the share of exported products increased by 55 %, and the share of imported products increased by 32 %).

In the Siberian Federal District, the volume of exports is almost equal to the volume of imports. The volume of exports increased 2.4 times compared to 2011, the volume of imports increased by 8 %. In Irkutsk region, exports prevailed over imports until 2017. The ratio ranged from 1.37 to 1.97. In 2017, imports prevailed and annual growth rates were higher (a 2-fold increase compared to 2011). In 2017, the share of exported wood was 42.7 % of the total export volume (Nechaev, Ognev, & Antipina, 2017, p. 554), metals – 28.6 %, fuel and energy products – 26.6 %, of which oil – 25.1 % and coal – 1.5 %. It indicates the focus of Irkutsk region on raw materials. The share of imported chemical products was 56.2 %, the share of imported machinery, equipment, vehicles – 26.5 %, metals – 6.1 %, fuel and energy products – 5.2 %, and food products and agricultural raw materials – 2.9 % (Khokhlova, Kretova, Kuznetsova, & Tsaregorodtseva, 2017, p. 3).

Russian agricultural producers export cattle of dairy and meat breeds, pigs, sheep, goats, horses, poultry to Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, and

Uzbekistan. Grains were mainly exported to Azerbaijan, Kazakhstan, Egypt, Turkey, Bangladesh, Nigeria, Saudi Arabia, Sudan, and other countries of Asia and Africa.

Since 2017, the Ministry of Agriculture of the Russian Federation has been providing state support by covering transportation costs as part of the priority project “Exports of agricultural products”.

An increase in the volume of food exports to the level of 45 billion US dollars per year can be ensured by products of the oil and fat industry (+5.4 billion US dollars by 2024); products of the food and processing industry (+5.2 billion US dollars by 2024); fish and seafood (+4.1 billion US dollars by 2024); cereals (+3.9 billion US dollars by 2024); meat and dairy products (+ \$ 2.2 billion by 2024); other agricultural products (+2.7 billion US dollars by 2024).

7. Conclusion

Thus, in order to increase the gross domestic product and profitability of agricultural companies, it is necessary to increase the volume of exports of agricultural products, which will require modern logistics structures aimed at stimulating trading activities, increasing sales of national producers and improving their competitiveness.

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