ECONOMICS

SOME TRENDS IN RUSSIAN FOOD PRODUCT EXPORT IN THE MEANING OF THE INTERNATIONAL TRADE DEVELOPMENT

E. F. Avdokushin[a] and I. A. Kudryashova[b,*]

[a] Lomonosov Moscow State University,
Leninskie Gory 1, Moscow, 119991 Russian Federation

[b] Kemerovo Institute (branch) of the Plekhanov Russian University of Economics,
Kuznetskiy Ave. 39, Kemerovo, 650992 Russian Federation

* e-mail: kudrina2007@mail.ru

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Abstract: Against the background of world economy globalization, the international trade, being the oldest form of international economic relations (IER), is the major decisive factor for the development and market environment of food and agricultural commodity. The hypothesis is suggested and proved in this study that the international trade may and should be considered not only as the driver for global and national economy, but also as the new effective tool to address numerous global problems as follow: sustainable development, environmental and comestibles problems. The results of the study to evaluate the impact of the current international trade on the growth of food product market of global and national level proved the crucial function of the international trade and its two-fold character to mitigate challenges of today as above. On the one hand, it was proved in terms of food and agricultural product market that the international trade is the reliable factor of global resource enhancement with regard to minimizing carbon dioxide emissions and cost-effective use of scarce water resources available. On the other hand, the negative impact of international trade results in the export growth that contributes to national resource depletion, flow of pollution-related industries to countries with milder environmental control and prevention to address environmental issues. When considered in view of national economy development and operation of national commodity markets, current trends in the movement of the Russian export of food products in the post-crisis period, established its role to support the import substitution policy and commodity self-sustainment in the Russian Federation have been highlighted. The practical value of identified consequences of the current international trade is the opportunity to minimize the negative global challenge consequences and to improve the strength of the import substitution policy in Russia.

Keywords: Export, international trade, commodity market, global economy globalization

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INTRODUCTION

The global economics of today faces obvious global challenges and problems to surge up such as the threat of biological, chemical and nuclear war, expansion of armaments and a third world war, exhaustion of natural resources, epidemic diseases, hunger, poverty, etc.

Global issues are conventionally classified for three groups:

(1) of natural climatic origin (ecological problem, global warming due to increasing ozone holes and the "greenhouse effect", space exploration and the World ocean learning, energy and raw material related problem);

(2) of socio-economic origin (global food scarcity or the food problem today (more than 2 million people are starving in the world), problem of uneven economic development and expanding the difference between the rich and poor in the world or the issue of poverty and underdevelopment elimination, demographic problem, the problem of sustainable development;

(3) of political origin (wars, revolutions and unstable global political situation leading to the slowdown in global economic growth; peace and demilitarization; international terrorism).

Global humanity challenges are impossible to address solely by a single country only: joint provisions on environmental protection, approved economic policy, assistance to underdeveloped countries, etc.

The international trade, among the effective tools to address these issues, is of high significance and role, in our opinion, that is one of the oldest forms of IER.

However, the concept of international commodity exchange is substantially transformed against the background of the increasing globalization of the world

economics that predetermines the change of the international trade significance on different stages of the global economic system evolution. Currently, numerous experts note that this role is depreciated in contrast with the dominant influence of the international capital flows against the increasing presence of the financial sector of the world economy. Nevertheless, acknowledgment of this factor does not diminish the share of international trade as the effective vehicle of modern international economic relations. Reserving major powers to optimize the use of production factors at the national level and in terms of the world economy, the international trade of the XXI century considerable changes in its structure and tools more serving to ensure the global value chains and strongly focusing on the sale of semi-finished products, substances, half-finished materials. Recently, as per certain data, the trade in semi-finished products on the stock as global value chains is more than 60% of all world trade. However, this is to prove that the international exchange of end products is still the important zone of this conventional IER system and, respectively, it is too early to be disregarded, although it requires permanent monitoring of the international trade development trends in this field.

In context of "new normal" reform in the world trade, new tools and mechanisms will inevitably emerge to introduce its traditional strengths and capacities [1].

This pre-determined the relevance of the Russian export evaluation in terms of national economy development by changing a range of features designed to mitigate foreign problems (sanctions) and existing rules of international regulation of the food and agricultural product market in conditions of the world economy glocalization.

The work is aimed to study the impact of the current international trade on the development of food market in the context of addressing a number of issues related to the Russian export movement.

OBJECTS AND METHODS OF STUDY

The study aims to review current trends in modern international trade and the Russian exports of food products when it comes to mitigation of global issues and the existing rules of international regulation on the food and agricultural market.

Dialectical, systemic, logical, historical methods and comparative and statistical analyses, holistic approaches and expertise were applied to achieve the goals.

RESULTS AND DISCUSSION

Today, the key issue of global significance greatly associated with the international trade development is the issue of sustainable development, environmental and food problems.

The works resulted in the impact evaluation of the current international trade on the food market development on the global and national scale to be able to claim on its important role to mitigate global challenges and to make fundamental conclusions.

International trade in food is the effective tool in addressing global challenges

Recently most scholars and politicians from different countries recognize the need in elaboration and integration of the new economic world model with the green economy as the base.

This term is the follow-up of the long chain of "new economy" definitions: "post-industrial economy", "information economy", "knowledge-based economy", "networked economy", "digital economy", "intellectual economy", "creative economy", etc. All these definitions arose to respond to quality changes in developed economies in the second half of XX – early XXI centuries.

The scope of "green" economy is focused on the "stable" economy with all its aspects in unity: economic, social and environmental. It was acknowledged following environmental constraints increased that the world needs a new model of economic development based on "green" principles.

Principles of "green economy" are shown in a number of policy documents as accepted by the global community. So, in 2007, the UN Climate Neutral Strategy was developed at an UN level as the aspect of the unified approach to manage environmental impacts by elaboration of general tools and more grounded decisions of the efficient energy and resource consumption. Among the recent achievements of international settlements in this sphere, the Paris Climate Agreement signed within the United Nations Framework Convention on Climate Change on April 22, 2016 should be noted that is of the huge significance to achieve sustainable development goals. The Agreement is the "roadmap" of measures to reduce wastes and consolidate the Mother Earth's tolerance to climate changes.

In addition to fundamental tools of interstate address of ecological problems, it requires the wide use and engagement of a variety of means not directly associated with this issue. The international trade in food may be considered as the tool that has an indirect impact on the efficiency of "green" economy mechanisms, in our opinion, as the effective wedge to reduce environmental risks and the ecology degradation.

As part of neo-classical economic paradigm, the international trade is recognized as the tool to optimize the use of global resources world, with water and air as the most essential. The water resource sufficiency influences the agriculture sector development in different countries, where the integrity of air balance and carbon dioxide emissions affect the eco-balance on the global scale.

Production costs of water-intensive products (and, as a consequence, and their relative price) in water-scarce areas are higher than in the water-riched zones. Food production is less expensive in countries with sufficient arable lands and labor force than in countries experiencing a shortage of them. When specifying a single price for greenhouse gas emissions, the carbon-efficient products should be produced in places where most clean technologies are used that ensure the minimum volume of emissions. Thus, the countries

where production are the least abnormal in terms of resource consumption and environmental damage, have a competitive advantage, and the international trade allows to take advantage of them. This, in turns, contributes to the well-being of all transaction parties.

The international trade in food products is the new effective tool to address environmental and sustainability issues that impacts not only the consequences of the human-based environmental impact due to industrial activity, but also solutions to environmental issues on the supranational level.

It is reasonable to consider the international trade as a tool to ensure access to scarce resources in terms of the so-called "virtual" water trade, that is the water as the ingredient of the finished product or that is required for its production. Water-scarce countries may save own water resources, provided that the import volume of water-intensive products is increased. Through the sale of water-efficient commodity, the global fresh water saving only in the agricultural sphere will make 5%. However, such saving is not systemic: only few states deliberately apply the strategy of virtual water importing and, basically, it is the countries of North Africa and the Middle East. Nevertheless, the figure is growing. The international trade in virtual water can mitigate the water shortage implicitly with no ensuring its saving to the absolute value. For example, almost 3 times more water is consumed to crop a ton of wheat in Russia than in China - 2300 and 820 cubic meters, respectively [2]. This means that the wheat of China manufacture substituted by the Russian import could result in an increase in global water consumption. However, this commodity flow would commit to manage the water deficit in the region in view that China is the water-stressed region, on whole, and Russia is the water-riched country.

In certain cases, however, the international trade may negatively impact the sustainable development of the Mother Earth, climatic condition, water and food reserves.

In an attempt to provide privileges to national manufactures to take advantage to foreign competitors, some countries often turn a blind eye on the environmental management systems applied by companies. The export promotion is one of race to the bottom results that commits to the depletion of resources within the country. So, in Uzbekistan, the government subsidizes water to cotton producers thus, exacerbating the challenging situation with water resources enough as it is. The similar situation is reported in terms of land acquisition by rich investors in poor countries with unstable environmental legislation to produce food commodities that On the one hand, engagement of idle or inefficiently used land plots for agricultural purposes is something to encourage. On the other hand, there is a risk to ensure poor monitoring of such lands and lack of incentives for investors faced with high political risks to guarantee the sustainable land use. Such land acquisition may result in the soil degradation and the whole range of related environmental and social problems may arise. The key factor to define the exposure of the trade on resources and environmental challenges in developing countries is the typical system of institutions. In countries where institutions normally run and property rights are protected, the export results in the well-being improvement (due to export earnings, job creation, etc.). In countries with low-level institutions, these positive effects may be completely offset by the natural capital degradation. The international trade may trigger the aggravation of these issues in unfavorable institutional environment that is still available in most developing countries. Therewith, its strength is quite considerable to become an important tool to address such issues. Though, this strength is so far not applied.

In some particular cases this results in the "over-inflow of pollution industries to countries with moderate environmental policy. For example, the enactment of the Kyoto Protocol binding developed countries and countries with transition economies to limit greenhouse gas emissions caused an increase in imported carbon-intensive products from developing countries not restricted yet. The Kyoto Protocol procedure on prevention of global climatic changes is a significant precedent to adequately assess the value of natural wealth for both economic theory and practical measures. Upon agreement to create a new global market for greenhouse emissions, the countries agreed, in fact, to trade in fresh air. Each ton of greenhouse emissions carries a value. It is critical that the mechanism evaluates economic benefits for the global community referenced to greenhouse gas emissions.

A number of countries implicitly use the international trade to latently obtain additional preferences under the Kyoto Protocol at the expense of efforts taken by other countries without reducing their emission reduction commitments. The growth of"virtual carbon" export caused by the Kyoto Protocol (i.e., emissions discharged to produce exported goods) from countries with transition economy amounted to about 8% that exceeds the value of their emission reduction commitments, additionally charging their own commitment to minimize emissions.

Thus, the negative impact of the international exchange on global issues of natural and climatic origin is seen and strengthened towards countries mainly with the mono-commodity economy that refer to the group of developing countries with no effective development institutions. The agrarian and raw material sector in these countries often play a key role to maintain the long-term economic advancement that pre-determines the need in more effective use of limited resources for industrialization and economic growth in developing countries [3].

In this view, the special relevance of this issue is currently related to conditions of post-crisis development of global and national economy of the Russian Federation.

Impact of the international trade on the food problem

The influence of the international trade on global problems of today largely results not only in consequences of the human-induced environmental

impact but also at the interstate institutional level when settling commercial disputes and disagreements.

Herewith, the international trade acts as the two-valued tool for export competition policy at the the food market, playing a role of the commercial and ecological expansion factor by the side of countries with developed industries using specific forms of "neoprotection", on the one hand, and, on the other hand, it is considered as the vehicle for the food problem constant settlement as part of the World Trade Organization and creating the "special protection mechanism" for the least developed countries. When functioning, this mechanism closely relates to food assistance programs at the international level by creation of food reserves and restriction of the state regulatory functions and reducing the agricultural export competition.

When considering the impact of the international trade on the food problem of the global size, it should be noted that liberalization of the global food market to be discussed at the WTO level depends on objectives of global food security.

In this day and age, the role and significance of the international trade as the factor that impacts the food market development considerably change. This is largely explained by the policy of "neoprotection", integration and regionalization processes and emergence of global supply chains of goods.

In our opinion, the industrialized countries apply a kind of commercial and ecological expansion or the latent "neo-protectional" policy to protect its national manufacturers and commit to promote exporters, often in an aggressive form, to foreign markets. Herewith, the international trade structure is optimized for their own benefits by applying the foreign economic policy to bargaining national benefits, and by minimizing certain country commitments when allocating quotas for emissions under the Kyoto Protocol. Thus, the new protectionism of global forefront countries is expressed in the parallel application of commercial and ecological expansion along with other discriminatory methods towards to the least developed countries.

Global companies that operate in food markets own specific influence characteristics and mechanisms, that require special consideration when elaborating control measures to prevent their negative impact on the population supply with in such a vital resource as the food.

A policy of "export competition" in agriculture vigorously discussed at the WTO level may be classified as the current method favorably used by leading countries to their own advantage. The core of the proposed policy is the withdrawal of previously widely used agricultural export subsidies in US and EC countries, limitation of regulatory function in respect of activities held by export-oriented trading enterprises in Australia and New Zealand, but the permit to use such measures for developing countries during emergencies.

WTO negotiations on food assistance matters were aimed at provision of opportunities to countries to optimize the emergency response measures, while ensuring that such assistance in no emergency circumstances will not actually be considered as the hidden export subsidies. This scheme is primarily expected to attract donor funds for the certain part of food assisstance in emergency circumstances.

China, India, Indonesia and some other countries as part of WTO insist on approval of the draft on the "special protection mechanism" that would allow raising rates for short-term period in the event of import surge or price fall. The followers of this approach have long argued that most developing countries cannot benefit from this scheme included in the end of the Uruguay Round for countries that had modified, by that time, the other types of the rate margin monitoring. However, many agricultural exporters say, that the new protection mechanism should become the part of the more comprehensive agreement to reduce rates and other barriers to the market access.

Such policy directly impacts the level of international trade growth causing discouraging and restricting effect on its dynamics and volume. The dominant impact is seen in food reserves creation as the "constant solution" to some problems related to the creation of food reserve programs in compliance with WTO regulations for agricultural subsidies. Today, if the developing countries purchase foodstuffs at prices set by the government as per these schemes, they should include such transactions in their total trade-distorting assistance. The new proposal by members to the WTO negotiation of 2015–2016 includes annulment of transactions included in estimations of the maximum trade-distorting assistance volume as part of such programs. Least developed countries propose excepting their own food and agricultural product purchases at rated prices within the framework of relevant programs based on the maximum volume of distortive state support [4]. Such a mechanism of institutional regulation of the international trade contributes to adequate consideration of its results at national and international levels and is aimed on the positive solution to the food problem on a global scale.

This impact is especially significant in the order of developing countries where the long-term economic progress is not sustained without a powerful agricultural sector, and a variety of structural, institutional and market reforms are followed by infrastructural transformations to stimulate the entrepreneurship, innovation and investments as well as for better and more efficient management in the food sector. In these countries, the use and further expansion of these programs for agribusiness support will facilitate more efficient use of limited resources to build thee strong, dynamic and sustainable agricultural sector for industrialization and economic development of peripheral countries of the world. The WTO platform can and should be used to elaborate a "special protection mechanism" for the least developed countries to slowdown the export competition in agriculture.

Thus, the role and importance of the international trade in recent days significantly vary as a factor affecting the development of the food commodity market. In our view, current approaches to settle trade disputes in the international food market more

effectively influence the growth rate and volume of the international trade volumes and commit to solve the food problem by creating favorable conditions for agricultural business and slowing down the competition between exporters.

Russian export trends against global market trends

The international trade has traditionally been the key factor for the national economy growth and performance of national commodity markets. However, against the post-crisis period, this factor has a growing impact on the higher pricing dependency in the Russian food market on the world market, and it facilitates aggressive import substitution, the most important trend of food self-sustainability in the Russian Federation.

Since the mid-2000s of XXI century a steady decline in the growth rate of international trade is reported. Since 2007 to 2015, its growth rate declined twice as much with the growth expectations to be quite pessimistic for the coming years.

According to the World Trade Organization, the global volume of merchandising increased by 2.8% in 2015, however, in dollar terms, the export figures decreased by 13.5% [5].

In relative terms, the world trade growth rates decreased up to 1.7% in 2015 as compared to 3% in 2014 [6]. As predicted by leading international organizations as the World Bank, IMF, OECD, the world trade growth is expected to decline again in 2016 to an average of 1.5%. Two factors refer to major causes of such decline: decline in world commodity prices and deceleration in the Chinese economy growth that transforms its economic model. The period of globalization known for growing supply of components and raw materials has already completed or is about to end, and the global growth rate is less dependent on the trade in these commodity.

In practice, it is most clearly seen in the context of solving the trade in food. Beside almost double decline in the global trade growth rate in 2015 as compared with that in the previous year, the overall world trade structure is noted with an increase in the share of food import, say, grains by 130%, and oilseeds – by 33% [7].

Most foreign countries are reported to experience a decline in the consumer demand against the economic slowdown as evidenced by the declining dynamics of purchases, especially of luxury goods. In terms of food staff, the experts often agree that people eat the same as before since the income impacts the consumption method not the volume. Figures contradict, though. The fewer obstacles are there to import food products competing with those by national manufacturers and suppliers, the higher is food accessibility at affordable prices all else being equal. For example, the Russian embargo of 2014 on the food import from the West became one of major reasons that resulted in the food price growth in Russia exceeding 20% per annum.

As compared with the global growth rate for the world economy that proportionally affect this global market segment, the Russian food market is diametrically differs from the global one. At the time when the RF domestic market prices jumped by more than 20%, cost parameters on the global food market changed to the same extent, but to the opposite: the aggregate value of the global import of food, as estimated by the Food and Agriculture Organization of the United Nations (FAO) in 2014, decreased from 1.35 trillion USD to 1.09 trillion USD in 2015, that is, the reduction almost makes 19% [8]. The FAO data states that the major factors to stimulate the decline were the trade in cereals, dairy products, meat and sugar, strongly influenced by the decline in freight rates.

The agricultural sector in most countries undergo significant deformations at the national level with the slowdown of its growth since such a fall in prices results in the reduction of farmers' income, which, in turn, results in the reduction of their investment volume in farming. This will require greater incentives to increase investments in agriculture and agricultural services, including loans, roads and warehouses.

By emphasizing the decline in sales and price volatility for major agricultural commodities reported recently, FAO identifies main reasons to this situation as follow: high level of food stocks, abrupt decline in oil prices and US dollar strengthening. With regard to exposure of these reasons, further decline in prices is predicted in the nearest future allowing for the global good crops over the past few years, as well as the breakthrough replenishment of food stocks (by the FAO forecast, the world grain reserves will amount to 638 million tons by the end of 2016, which is 4 million tons more than the volume as of the season beginning) [8].

Considering the trends of the Russian export in the context of global market trends, we note that recently the Russian foreign trade has demonstrated the remarkable decline rate. The overall Russian export in 2015 reduced by 31%, as compared with that of 2014, to 343.4 bln USD and the import reduced by 16% to 194.0 bln USD. [9].

It is due to two reasons, at least, as follow: one of them is the oil price decline as one of the major export commodity at the national level; the oil supply reduced by 40.1% to 174.3 bln USD and the other reason is the mutual economic sanctions and food import embargo response imposed by Russia in August 2014.

In the face of decline in turnover and volatility of world prices for major agricultural products in 2015 as compared to 2014, both domestic market prices and export of certain items of the Russian exports showed a rapid increase (vegetables export grew by 3418%, the export of cucumbers and cornichon increased by 2302.6%, and etc.) [9].

During that time period, legumes became one of the most popular Russian export crops. Due to the ruble devaluation, the crop export appeared even more profitable, and the legumes manufacturers have taken an advantage. Main export leguminous crops include peas, chickpeas, lentils, where the 70% of legumes export is covered by the pea. Major countries that import legumes from Russia include Turkey, India and Pakistan. In the group of oil and cereal crops, soy beans showed the highest growth – its export increased

by 401% up to 119.1 mln USD. The export growth was driven by considerable investments of Russian farmers in this crop production. Soybean has become a popular form of investment for Russian agricultural holdings and its production from 2010 to 2014 increased by 6 times [9].

So, in the late 2014, Rusagro, a leading Russian company in agribusiness, purchased 26.5 thousand hectares of the land plot in Primorye to crop soybean and maize along with 13.75% fat and oil plant "Primorskaya soya" in Ussuriysk. As a result, Rusagro planted more soybean than sugar-beet. Using perfect opportunities for agricultural activity in Primorye, one of the leading Russian food industry companies, Rusagro, intends to invest 25 billion rubles to the region and start-up a cycle of agricultural production, powerful and effective for Russia and the neighboring countries, as the cluster of crop production, pig breeding and soybean processing. The company is engaged in four profile areas: meat production and processing, crop production, sugar and vegetable oil production. As of June 2015, Rusagro managed 495 000 hectares of land, sugar production (716 600 t), pig breeding (186 800 t), fat and oil business (188 000 tons of vegetable oil, 47 100 tons of margarine and 57 700 tons of mayonnaise) [10].

When export positions of Russian commodity producers expand, new types of business management, including strategic alliances, are of great significance. So, by involving selected Japanese, Chinese and other Asian investors, Rusagro considers engagement of COFCO, the largest food holding company in China, in the pork project. China is concerned in such collaboration due to vast environmental problems in this country, increasing consumption of pork, and furthermore, and some time ago China counted on its own meat production. As a consequence, 50–70 mln tons of soy is purchased annually. It is stated that it would be far more effective for China to import the pork. The project in Primorye announced by Rusagro goes well with the willing by the Chinese leadership to start importing high-quality, eco-friendly pork meat from Russia at a competitive price. Moreover, the Russian pork meat is quite competitive in the Asian market and costs 20–30% lower than that in China.

In September 2015, Yug Rusi announced on the investment of 12 billion rubles in construction of the plant in the Far East to process soy and oilseeds.

Such focus on soy and soy food production in the Far East is not sporadic. Soy-eating countries like Japan, Korea and, especially, China neighbour this region. Production of soybean and soy-processed food (eg. soybean meal) may become one of trends to trigger trade relations in the field of food products. China restructuring its foreign trade, including its structure, pays more attention to food importing and soybean may be the significant resource for Russian producers.

Apart from legumes, the export of Russian potato rapidly increased in 2015 and foreign potato trade drastically increased by 124.6%, up to 17.3 mln USD. This is the considerable breakthrough as compared with the recent period when Russia used to import the great volume of potatoe. The main reason for export expansion was the record-breaking potato crop in 2015 amounted to 33.6 million tons that is 15.9% higher than the average crop over the past 5 years. As a result, the average retail domestic price for potato in 2015 fell by 25.3% up to 19.91 rub per kg [11]. In addition, the ruble devaluation made the price for the Russian potato very attractive for foreign purchasers. In 2015, the Ukraine appeared the most popular export destination for the Russian potato. However, export line, similar to legumes export line for Turkey in 2016, is unlikely to take a significant stand. However, Azerbaijan, Egypt and Central Asian countries concern in the Russian potato.

The vegetable export is noted among the list of distinct export items. The phenomenal growth of vegetable exports refers to carrots, turnips and beets (by 3418%) to 2.6 mln USD, export of cucumbers and gherkins to 2.4 mln USD (by 2302.6%. The Russian production of cucumbers grows due greenhouse development, in part by using such facilities by Russian retailers, in particular, "Magnit" that is specialized in this area in its own greenhouse in the Krasnodar region [9].

As per the report of the National Vegetable Producer Union, 682 thousand tons was cropped in 2015 in Russia (increase by 6.6% against 2014) in the protected ground. Cucumber is the most popular culture that covers three quarters of this volume. Despite the explosive growth of the cucumber production, the average retail price for 1 kg of cucumber increased by 26.8% to 159 rubles in 2015. The growth was certainly achieved due to the effect of the low base. But, on the other hand, it tells about prospects, opportunities to increase this export line in future, promotion of processed leguminous products and vegetables using the appropriate marketing policy with the required adaptation for food-importing countries, production localization of these products. This opens significant opportunities for the Ministry of Agriculture, Food Industry, and the Russian business to increase the contribution to the foreign trade turnover of Russia.

Import embargo to certain countries encouraged some Russian producers to closely consider the import substitution. In this regard, vegetable growing and production of processed plant products in Russia has become quite popular field of trade. So, in early 2016, AFK "Sistema" acquired the "Yuzhniy" Company, the largest agricultural plant in Russia to crop cucumbers and tomato in the Karachay-Cherkessia of 144 hectare in area. In its turn, "Rusagro" intends to to build 100 hectares of greenhouses to grow cucumbers, tomato and lettuce in one of the central regions of Russia with the possible extension of up to 300 hectares. Other Russian companies also focus on the development of this line of business. So, the "Parus Agro Group" has the intention to construct greenhouses in Krasnoyarsk Territory. "Cherkizovo", the well-known food company considers the plant production in the long-term perspective and the plant product processing as one of business areas. The "Fabrika ovoshey" Holding – intends to build a greenhouse complex in the

Stavropol Territory with the area of 75 hectares. The first line to grow 23.5 tons of vegetables per year is scheduled to start-up as early as 2017.

As per the estimate of the Ministry of Agriculture, the land plots for greenhouses of up to 8500 hectares in area should be arranged to be self-sustained by 2020 in Russia. However, cucumber production investments should related with the plant market for this very crop. In spring 2016, the green channel opened for vegetables and fruits from Iran. And the cucumber might dominate this channel since Iran is specialized in this crop.

Cereals and flour-grinding products rank the third in the quickly growing export line in 2015. The malt export mostly increased in this group amounted to 35.4 mln USD in terms of value. This growth was achieved through the active investment policy of the Russian malt manufacturers and the poor grain crop in Asia and the cheapened ruble, once again. Latvia was the main malt purchaser in 2015; the supply volume in this country grew by 27.7% or by 8 mln USD as well as Taiwan (growth by 16.4%; 5.8 mln USD) and Kazakhstan – growth by 16.2% and 5.7 mln USD [12].

The meat and meat by-product volumes increased as the export items from Russia. In 2015, these commodities were exported for 177 mln USD or 11.7% higher than in 2014 [12]. The major share of this increase covers the export of poultry meat – an increase made 16.9% up to 75 mln USD. Pork saes increased by 447% up to 9 mln USD.

These commodity group manufacturers intend to increase overseas shipments. So, "Cherkizovo" obtained a permit in February 2016 to export chicken meat to the United Arab Emirates. By 2019, "Cherkizovo" plants to increase the export of the chicken meat by 15–20% of the total sales volume. The company plans to achieve this result by expanding its export coverage. It intends to get access to markets of Egypt, Iran and Iraq, as well as China, and it holds active negotiations with the latter to enter the Chinese market by diversifying the mutual trade.

The Asian market more and more attracts the Russian food industry. So, the "Miratorg" company supplies meat products to Iran, Hong Kong and the UAE. The absence of veterinary access holds back the expansion of Russian export to major Asian markets – China, Japan, South Korea, Vietnam. By overcoming this obstacle, the Russian meat product producers will obtain the access to a huge market for efficient and long-term development. Turkey meat is the valuable export item. This meat production in 2015 was faster than other types of meat products by 34.9% to 205 thousand tons. Main lines of turkey export include African countries – Sierra Leone, Gabon, as well as Asian countries – Hong Kong, Vietnam. Turkey export is expected to be diversified. Thus, the "Damate" Company plans to supply turkey meat in Serbia and other European countries, agreement on meat supply to the UAE are reached, the export permit is expected to Saudi Arabia. In future, the company plans to export a quarter of its total production.

"Evrodon", the largest duck and turkey meat manufacturer in Russia, proceeded to supply duck tongues and feet to China. The Company concluded the contract with the Chinese partner to supply 40 t of thid product per month.

In the late 2015, The Minister for Agriculture A. Tkachyov stated that Russia would hold its prominent niche in the Asian market in three years. According to the Minister, beef, wine, grain processing products are potential food products. As per the Minister, in 2020 Russia plans to reach its full self-sustainable supply with milk, meat and vegetables [13].

The President of the Russian Federation, V.V. Putin in 2014 supposed that the Russian export of highly processed items should increase by one and a half in 3 years. [12] Currently, the raw material export in the total food export is about 40% and finished products of 45%.

The breakthrough of 2015 in the Russian food exports to foreign markets is still the first sign that, however, still does not evidence on occurrence of the export epoch to the full extent. However, on the one hand, the import substitution policy in this segment makes it possible to better meet the needs of Russian consumers of food products, and, on the other hand, by promoting their products abroad, Russian food industries reduce their dependence on the demand fluctuations in the Russian market and obtain more opportunities for maneuvering. Against the food sanctions and destruction of foreign food in Russia, the active import substitution remains the most important area for the food self-sufficiency.

It is noteworthy that the export breakthrough of foodstuffs occurred during reduction of employment in food industries. In 2015, the employment in this sector decreased by 0.9% (in 2014 it increased by 0.4%), investments decreased by 12%, while the output increased by only 2% [14]. And this occurred in conditions when households have chaged their choice in favor of domestic products. It should be noted that the Russian Federation owns quite large opportunities to reform the production structure and foreign trade of agricultural products though the export maneuver largely occurred due to the reduced consumer demand and emergence of surplus output.

These facts prove the particular edge of the crisis situation in our country that directly relates to issues of "new poverty" emergence and formation as a consequence of public income and consumption level. The crisis evidently describes the downfall related to the level of food consumption back to 8 years to the level of early 2008. By the study estimates conducted by the Center for Macroeconomic Analysis and Short-Term Forecast, it is notable that the consumption of food products declined much stronger as compared with the segment of non-food commodity consumption (totaling to the level of 2011) that is a sign of the abrupt rise in the population differentiation by income. The emergence of the "new poverty" issue is proved by opinion polls. As per the VCIOM (Russian Public Opinion Research Center) polls, just a share of the poor for the year total ("not enough money even for food") increased twice as much from 4% to 9%, the share of the lower-income population ("enough money for food, but clothes are not affordable yet) increased from 18%

to 30%. At the same time, a segment of the rich significantly increases (1% to 4%) within 2014–2015, namely those who, as per polls, "can afford almost everything" [14]. In conditions of highly limited solvency of the Russians, caused by the emergence and growth of the "new poverty", the export expansion and active promotion towards foreign markets is deemed as the promising way to develop the Russian food business.

Currently, Russia ranks 5th in the world in terms of agricultural crop production and the export volume. In 2009, Russia produced 2.1 mln tons of poultry meat and imported 910 thousand tons. As a result, the national food economy growth achieved: crop production increased by 40 % for 10 years. This growth rate is more evident when regarding certain items: the cereal export increased from 20 mln tons to 30 mln tons by 1.5 times since 2010. In 2015, Russia ranked first in the world to export the wheat. As a consequence, the particular capacity is formed for certain items to build the basis for the food export expansion. This made it possible for the President of the Russian Federatin, V. Putin, to state in his annual address to the Federal Assembly that "Russia is able to be the world's largest supplier of healthy, environmentally friendly, and high-quality food products". Nevertheless, for purpose to implement this, the stable food export strategy is required in view of varying realities in global economy and trade.

In particular, it is important to use the Russian food export capacity in EEU countries. Currently, the total volume of mutual trade in food commodity and agricultural raw material within the EEU zone amounts to approx. 7 bln. USD. In 2015, as part of total "export breakthrough" above, the growth rate if wheat supply to EEU countries made 30% to the 2014 year level and meat – over 50%. The food market of the Asia-Pacific region should be specifically mentioned. In particular, the Chinese food market is perspective in this regard, as mentioned above. Despite of specifics of the Chinese food commodity, as the living conditions improve, the Chinese consumer gets more concerned in Western food products. Russian food industries focused on the Chinese market of meat, fish, seafood, and some cereal supplies. However, supply of these products is constrained by restrictions by the Chinese side. In the meantime, in early 2016, Chine permitted supplies of wholesale batches of grain and rice. In addition, the joint Russian-Chinese online marketplace is arranged for the export of Russian goods, including food commodities. The fresh commodity segment will be of special focus. Concurrently, the food will be exported to China from any Russian regions.

Creation of the free trade zone with Vietnam and expansion of trade and economic relations with ASEAN countries assumes creation of the consolidated list of investment projects to develop the food export. Overall, the Asia-Pacific countries is quite the promising market for the food export of Russian manufacturers since recently, the consumption of foodstuff is notably increasing along with the improvingsolvency of the region. Russian food manufacturers proceed to gradually use their improving export opportunities. These opportunities are due to favorable rouble exchange rate and the production capacity. In particular, the Russian producers have reached the saturation of the domestic chicken meat market and are on their way in terms of the pork.

"Miratorg", one of the largest meat producers in Russia, intends to increase the share of exported products from 5 to 25% in three years. As per the company, China is the most promising market for the company upon the receipt of authorization from the veterinary service.

The expansion of the export routes for Russian meat producers is the chance to trade in the carcass parts undemanded in the domestic market. For example, 1 kg of chicken feet in China costs 2 USD whereas they are far cheaper in Russia.

Except "Miratorg", other large meat producers plan to increase their export volumes to various countries. Same "Miratorg" has commenced the delivery of small shipments of poultry meat in Serbia and Italy, and it is in process for its beef supply authorization to the EU countries and Iran. In June 2016, the Iranian Veterinary Service officially notified the Rosselkhoznadzor (Federal Service for Veterinary and Phytosanitary Surveillance) on approval of the statement on the supply of boneless frozen beef from Russia to Iran. "Damate", the other large meat producer delivers turkey meat in Sierra Leone, Gabon, Vietnam, Hong Kong, while the export to the UAE and Serbia is approved already. "Cherkizovo", another "grand" food market in Russia, declared on its intention to increase the export of chicken meat by 10–20% of the total sales volume.

To strengthen their niches in foreign markets, the Russian food producers should reduce the cost of raw material component and increase the volume and quality of end products.

Local producer-specific products and the local manufacturing content may become one of schemes to conquer foreign food markets. The possibility for Russian actors to take part in food production chains should not be disregarded where they may hold strategic positions.

For purpose of the food export expansion of the Russian Federation, a number of quite difficult tasks should be solved, including customs and tariff regulation, certification issues, export safety and supply management. At the same time, addressing issues to increase the food export, the best balance should be striken between the globalization of export process and the domestic food safety. Extension of the food embargo by the RF Government till 2017 is essential to define the consistency of the import substitution strategy and capacity building of food industries in the field of foreign trade. This approach is typical for the Export Food doctrine developed by the international independent Institute of agrarian policy.

In general, the current situation for Russian food producers in terms of import substitution strategy may be stated to allow chance to hold higher positions in the global food market.

CONCLUSION

By the outcomes of the study to assess the impact of foreign trade on the food market development, the role and current trends of modern international trade and the Russian export evolution are identified aimed to mitigate global problems and existing international regulation procedures in the food and agricultural product market, it has been proved that:

– The international trade in food is the effective tool to address environmental issues and sustainability problem that impact not only on consequences of the human environmental exposure resulting fro industrial activity, but also the measures to address environment protection issues at the supranational level;

– The international trade is a double function tool of the export competition policy, acting on the one hand, as the factor for trade and ecological expansion for industrialized countries and the form of "neoprotectionism" and, on the other hand, as the tool of very effective and "constant solution" to the food problem within the WTO, creation of the "special protection mechanism" for the least developed countries aimed to reduce the export competition in agriculture.

– The international trade acts as the major factor of the national economy growth and national commodity market functioning that impacts the increase in pricing depending on the Russian food market in the post-crisis period, and facilitates the vigorous import substitution as the strategic policy for food self-sustainability in the Russian Federation.

The appropriate assessment of identified consequences resulting from the impact of the current international trade on the food market growth will neutralize negative evidences of global problems, strengthen the role of international trade to improve the well-being of all trade transaction parties and increase the effectiveness of the RF import substitution policy.

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