

Artículo de investigación

Research of an organizational and institutional basis of the food export state support in Russia

Investigación de una base organizativa e institucional del apoyo estatal a la exportación de alimentos en Rusia

Pesquisa de uma base organizacional e institucional do apoio estatal à exportação de alimentos na Rússia

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Abstract

The analysis of food export in Russia is submitted. According to the forecast, till 2030 further increase in production of agricultural products is expected. The export potential is estimated at 45 billion US dollars. In Russia for the last three years the institutional basis of export support actively develops. In particular, the Russian export center as binding a link between the government and non-state institutions (associations) and the private companies is created. The organizational basis has complex structure of standard acts which regulate financial and non-financial support of food export. In general, the used instruments of support are similar to the developed countries. Marketing and information and analytical technologies are to a lesser extent developed. Application of SWOT analysis allowed defining the main directions of improvement of the state support of food export.

Keywords: Export, food, state support, regulation

Resumen

Se presenta el análisis de la exportación de alimentos en Rusia. Según el pronóstico, hasta 2030 se espera un mayor aumento en la producción de productos agrícolas. El potencial de exportación se estima en 45 mil millones de dólares. En Rusia, durante los últimos tres años, se desarrolla activamente la base institucional del apoyo a la exportación. En particular, se crea el centro de exportación ruso como enlace vinculante entre el gobierno y las instituciones (asociaciones) no estatales y las empresas privadas. La base organizativa tiene una estructura compleja de actos estándar que regulan el apoyo financiero y no financiero de la exportación de alimentos. En general, los instrumentos de apoyo utilizados son similares a los países desarrollados. El marketing y las tecnologías de información y análisis se desarrollan en menor medida. La aplicación del análisis FODA permitió definir las principales direcciones de mejora del apoyo estatal a la exportación de alimentos.

Palabras clave: Exportación, alimentos, apoyo estatal, regulación.

Resumo

A análise da exportação de alimentos na Rússia é submetida. De acordo com a previsão, até 2030, mais aumento na produção de produtos agrícolas é esperado. O potencial de exportação é estimado em 45 bilhões de dólares norte-americanos. Na Rússia, nos últimos três anos, a base institucional do apoio à exportação se desenvolve ativamente. Em particular, o centro de exportação russo como ligação entre o governo e instituições não-estatais (associações) e as empresas privadas é criado. A base organizacional possui estrutura complexa de atos normativos que regulam o apoio financeiro e não financeiro à exportação de alimentos. Em geral, os instrumentos de apoio utilizados são semelhantes aos países desenvolvidos. As

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tecnologias de marketing e informação e análise são, em menor grau, desenvolvidas. A aplicação da análise SWOT permitiu definir as principais direções de melhoria do apoio estatal à exportação de alimentos.

Palavras-chave: exportação, alimentos, apoio estatal, regulação

Introduction

At the present stage the export competition in the food market amplifies. Export orientation of the countries is caused by a variety of reasons:

- Oversaturation of domestic market with products;
- The essential competitive advantages in comparison with other countries determined by climatic resources, existence of land, water, human resources;
- Aspiration to world leadership and positioning of the country in foreign market.

Štefan Bojnec, Imre Fertő, note in researches that the competitiveness of export is decisive factor in long-term survival of the companies as it creates opportunities for prosperity of business in the world markets (Bojnec & Fertő, 2017).

Expansion of export at the expense of food products and also the international cooperation are important elements of foreign trade policy of the state (Habibzadeh, 2016; Chernopyatov, 2018).

Results of the researches Tomislav Sudarevic, Predrag Radojevic, etc. show that the biggest barriers are the price competitiveness and insufficient state support. More major companies and the foreign companies perceive export barriers as accepted in comparison with small and medium business (Sudarevic et al, 2017; Ahmadi et al, 2018).

Gloria Sraha notes that the persons forming state policy have to work together with exporters for inclusion and the development of the programs considering features of the foreign markets and stimulating export growth with added value (Sraha, 2015).

Researches concerning image of the export country are represented interesting. It is established that communication between reputation of the country and volume of export is essential. Improvement of reputation of the country is a viable alternative to other levers (for example, trade negotiations, free-trade agreements). The international companies can

consider reputation of the country as a factor when choosing the countries where they want to expand geographical boundaries of export (Dimitrova et al, 2017; Al-Khalifah, 2018; Ceisil, 2018; Sharif & Butt, 2017).

At the same time excessive state regulation is a barrier to trade streams (Francois & Wooton, 2010).

At last, empirical literature shows that the internal competition is also the important driving force of productivity at the level of the companies before export is carried out (Bernard et al, 2003; Melitz, 2003; Antúnez, 2001).

Data and Methods

For a research of an organizational and institutional basis of the state support of food export monographic, abstract and logical and dialectic methods were used. Data of the Federal Customs Service of Russia are used.

The state and non-state institutes of support of food export act as an object of a research. As an organizational basis standard acts on this subject are considered.

Results

At the present stage institutes and mechanisms of support of food export actively develop. In recent years in Russia a number of measures for stimulation of domestic production of agricultural products and raw materials were accepted. The agrarian sector has annual positive dynamics of growth of the index of production. According to the forecast of social and economic development, in the long term Russia applies for a role of the large supplier of food products and agricultural raw materials. By 2030 increase in export of products by 3 times in relation to 2011 is expected.

The forecast of development of agro-industrial complex of Russia is submitted in two options scenarios.

The first option - the innovative scenario of development reflects improving competitiveness of this sector of the Russian economy (preservation of a tendency to import

substitution), use of competitive advantages of Russia, improvement of investment climate, forward accumulation of innovative activity, improvement of living conditions in the village. Increase in production of products of agriculture in 2030 in relation to 2011 will be 30.8%, the food industry - 72.8%.

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Table 1 - Indicators of the forecast of the development of the agricultural sector of Russia

Indicator	Forecast			
	2020		2030	
	Option1	Option 2	Option1	Option 2
Agriculture production index, %	101,7	102,3	101,7	102,1
Grain, million tons	107,0	119,0	127,0	141,0
Cattle and poultry for slaughter (in live weight), million tons	14,4	14,6	15,2	16,4
Milk, mln. tons	33,8	36,2	37,1	42,8
Food production index products, including drinks, and tobacco, %	104,3	105,0	101,0	101,0

Source: Forecast of the long-term socio-economic development of the Russian Federation for the period until 2030 (developed by the Ministry of Economic Development of Russia). [Electronic resource]. / SPS Consultant Plus. - Access mode:

<http://www.consultant.ru/cons/cgi/online.cgi?req=doc&base=LAW&n=144190&fld=134&dst=100000001,0&rnd=0.9414309829720016#05323344997603852>.

Now on grain, meat and meat products, vegetable oil, sugar and potatoes thanks to action of the State program of development of agriculture and regulation of the markets of agricultural products, raw materials and food for 2013 - 2020 standards of food security are already reached. The state headed for export orientation (Yarkova & Khairullina, 2018; Khairullina & Yarkova, 2019; Aziz & Abdolghader, 2018). In the Ministry of Agriculture, the export potential of food is estimated at 20 billion US dollars. And by 2023 there is a task to increase this volume to 45 billion dollars.

Meanwhile export in large volumes is presented generally grain - wheat, corn, barley and peas. Small specific weight is occupied by products of deep processing with high added value. The labor productivity remains extremely low in comparison with the largest exporters of food – the USA, China, Brazil and Argentina. The material basis of production of food continues to remain dependent on import deliveries and, respectively, ruble exchange rate (Khairullina, 2016; Khairullina & Yarkova, 2018; Hosseini et al, 2017).

From 2008 for 2017 the volume of food export products and raw materials increased by 2.2 times and was 20 billion US dollars. Despite

positive dynamics import of food in Russia still exceeds volumes of export (tab. 2).

Table 2 - Exports and imports of food and raw materials (Russia)

Year	Export value, million USD	Import value, million USD	The ratio of the value of exports to imports	Export weight, thousand tons	Import weight, thousand tons	The ratio of export weight to import
2008	9278	35189	0,26	45810	36518	1,25
2009	9905	30015	0,33	59608	22386	2,66
2010	9318	36436	0,26	32531	25772	1,26
2011	13326	42531	0,31	31215	27270	1,14
2012	16771	40655	0,41	38079	23875	1,59
2013	16228	43165	0,38	35043	25706	1,36
2014	18982	39957	0,48	47369	25059	1,89
2015	16209	26584	0,61	48992	21495	2,28
2016	17070	25031	0,68	54039	20230	2,67
2017	20706	28819	0,72	65256	21499	3,04

Source: Federal customs service Russia. [Electronic resource]. - Access mode: <http://customs.ru/>.

The export ratio to import on weight demonstrates that volumes of the taken-out products considerably exceed import.

At the present stage a paramount task for Russia is realization of the export potential with a priority for non-oil goods.

In the Russian Federation there is a complex system of export support which is presented by various institutes of the state level, the industry unions, associations and other non-state structures.

So, in 2015 JSC Russian Export Center (REC) – the state institute of support of non-oil export providing to the Russian exporters a wide range of financial and non-financial measures of support was created. RETs interacts with the profile ministries and departments. Conditions of conducting export in Russia allow RETs to improve cooperation with the key industry and business organizations and to level action of the existing barriers at implementation of foreign economic activity. Russian Export Center is included into the state corporation of development VEB.Russian Federation, is a link between other structures involved in process of

export support and works by the principle of "a uniform window".

Ensuring protection of interests of domestic producers in the sphere of agro-industrial production is assigned to the Ministry of Agriculture of the Russian Federation, besides issues of domestic agrarian policy, including at implementation of foreign economic activity, assistance to development of mutually advantageous economic and scientific and technical relations with foreign countries.

The Russian export-import bank (ROKESIMBANK) provides to exporters financial and guarantee export support.

The agency on insurance of the export credits and investments (EKSAR) was created as specialized state institute of export support for realization of insurance tools of protection of the export credits and investments.

Active support to development of export is given by the non-state organizations. There is a set of the unions and associations of the agrofood sector of federal level concerning export of agricultural goods. These combinations of

exporters play a link role between government institutions and the companies suppliers (tab. 3). Meanwhile non-state structures in Russia not fully have an impact on formation of foreign trade policy, the priority of decision-making remains behind government institutions. So, for example, in the USA associations receive

separate financing within promotion of food export and participate in such programs as the Program of assistance to trade in agricultural products (ATP), the Program of development of foreign market (FMD), the Program of access to the markets (MAP).

Table 3 - Export support and development institutions in Russia

Subject	Export support options
Ministry of Finance of Russia	Participation in regulations for budget support <ul style="list-style-type: none"> - The provision of funding; - Assistance to business entities abroad; - Analysis of the state of world commodity markets; - Ensuring the maintenance of a specialized information resource "The Unified Portal of Foreign Economic Information of the Ministry of Economic Development of the Russian Federation on the Internet";
Ministry of Economic Development of the Russian Federation	<ul style="list-style-type: none"> - Carrying out activities to identify, generalize, prevent and eliminate restrictions, prohibitions or discrimination of the export of Russian goods; - Maintaining a register of restrictive measures that have a negative impact on the access of Russian goods, services, investments and labor.
Ministry of Industry and Trade of the Russian Federation	<ul style="list-style-type: none"> -Export budget support (subsidies); - Ensuring the organization and budget support for exhibition and fair activities of the Russian Federation abroad; - Ensuring access of goods and services to the markets of foreign states (union of foreign states).
Russian Export Center	Support for export deliveries, and research and research, delivery to foreign markets, production services, certification, patenting, licensing, support for projects in the early stages, with special programs for export support, insurance, to rare-guarantee support, Support Program Made in Russia.
Russian Export-Import Bank (ROSEXIMBANK)	It performs the functions of providing exporters with access to convenient credit instruments and the creation of infrastructure that allows them to increase the competitiveness of Russian business abroad. The Bank acts as an agent of the Government of the Russian Federation to provide state support for exports: it provides loans to companies and issues various types of guarantees on request on its own behalf.
Export Credit and Investment Insurance Agency (EXAR)	<ul style="list-style-type: none"> - Support for the export of goods and services produced in Russia, facilitating access to the new markets; - Development of a modern system of export financing provided by the Agency's insurance coverage; - Insurance support for Russian investments abroad; - Support for export-oriented SMEs.
State Corporation "Bank for Development and Foreign Economic Activity (Vnesheconombank)	Financing

Commercial banks and other financial organizations	Providing funding and financial services
Industry and expert organizations: (ASI, VABT, e-commerce companies, etc.)	Providing expertise and services
Business community organizations: - RUIE - SUPPORT - Business Russia - Russian Chamber of Commerce and Industry	Representing the interests of the exporter
State support institutions in regions: - Regional government agencies - Regional funds and centers: business support, business incubators	Provision of services: primary screening and preparation of field projects
Institutes of state support abroad: - Trade Representations of the Russian Federation - Economic advisors to diplomatic missions	Food Export Promotion

Source: Russian Export Center. [Electronic resource]. - Access mode: <https://www.exportcenter.ru/company/>.

In general, the RETs group provides the wide list financial (crediting, insurance, guarantees) and non-financial services to the operating and potential exporters, interacts with profile executive authorities.

The institutional basis of support of food export continues to develop at the federal and regional levels.

The organizational basis of the state support of food export is made by a number of the standard and legislative documents accepted and approved in Russia.

According to the law "About Bases of State Regulation of the Foreign Trade Activity" financial and non-financial instruments of export support are applied. It should be noted that along with measures of stimulation of export also restrictions and the bans on export of certain

types of products of agriculture and the food industry proceeding from national interests are provided. For example, lean years were entered export duties grain and products of its processing for prevention or reduction of their critical shortcoming in domestic market of the Russian Federation. Before accession to WTO export duties on sunflower seeds worked.

Since 2019 the Federal project "Export of products of agro-industrial complex" which is directed to creation of export-oriented commodity distribution infrastructure, elimination of trade barriers (tariff and non-tariff) for ensuring access of products of agro-industrial complex on the target markets and creation of a system of advance and positioning of products of agro-industrial complex began to be implemented. The amount of financing has to be 407 billion rubles (tab. 4) during 2019-2024.

Table 4 - Legislation of the Russian Federation on the support and development of food exports

Document	Content
Federal Law "On the Development of Agriculture"	Compulsory placement of information and the level of customs duties, the volume of tariff quotas and their application, the volume of imports and exports of major agricultural products, raw materials and food.
Federal Law "On the basis of state regulation of foreign trade"	Financial and non-financial export support instruments.
Order of the Government of the Russian Federation "On approval of the list of products, export support of which is carried out by the federal executive authorities in a priority order"	The products of the agro-industrial complex of the complex are included in the priority for support in the framework of export.
Federal project "Export of products of the agro-industrial complex "	The goal has been set to achieve the volume of food exports by 2024 for \$ 45 billion. Date: 2019–2024.
Resolution of the Government of the Russian Federation "On Amendments to Clause 1 of the Regulations on the Ministry of Agriculture of the Russian Federation"	The authority of the Ministry of Agriculture of the Russian Federation includes the development of state policy and legal regulation in the sphere of the agro-industrial complex, including support for the export of agro-industrial products.
Message of the President of the Russian Federation to the Federal Assembly of 03/01/2018	Within four years, it is planned to supply more food to world markets than to import into the country. At the same time, it is necessary to increase the export of meat products, goods of high processing, as well as to increase the country's self-sufficiency in beef, milk, and vegetables.
Federal Law " Customs Tariff"	Food exports are exempt from customs duties.

Source: compiled by the author

The further research of the factors influencing export was conducted with SWOT analysis use. It allowed defining strong and weaknesses and also opportunities and threats to which it is

necessary to pay attention when forming decisions in the field of development of an organizational and institutional basis of export support (figure 1).

Opportunities	Strengths
<p>Growing demand for food in world markets. Increase government support. Improving product quality. Elimination of technical barriers. Attracting investors. Access to financial resources. Development of institutional support for food exports. State determination of food export priority.</p> <p>Threats</p> <p>Decline in incomes of the population. High dependence of the material and technical base on foreign suppliers. Reduction of state budget expenditures on export promotion. Increased global competition and technical barriers. The instability of the geopolitical and world situation. Mistrust of private business to state authorities Concentration of state support in the hands of agricultural holdings and corporations. Those -technological backwardness. Destruction of educational and research institutions through ongoing reforms, the outflow of researchers and highly qualified personnel. Pressure of state bodies on private business through fiscal bodies.</p>	<p>A huge area of land, including pastures. Availability of labor resources. Availability of production capacity. Favorable climatic conditions of several Russian regions.</p> <p>Weaknesses</p> <p>High tax burden in terms of social insurance contributions, the lack of a differentiated approach. Non-compliance with international quality standards. Resource-intensive technologies and low productivity. High wear of machinery and equipment Underdevelopment of production and trade infrastructure. Lack of investment and qualified personnel for export. Insufficient development of deep processing. Imperfection of export control-supervisory activities. High cost of resources, including imported raw materials. Unsustainable financial situation. Lack of scientific developments on technical and technological modernization and genetics, selection at the completion stage.</p>

Figure 1. SWOT- analysis matrix

Source: compiled by the author

On the basis of this matrix it is possible to define the key directions of further expansion of food export.

Conclusion

(The USA, Canada, EU countries, Argentina, Brazil and China) on expansion of export and SWOT analysis a number of the directions, for improvement of an organizational and institutional basis of the state support allowed to formulate a research of foreign experience of a number of the countries for Russia:

- Improving competitiveness of agricultural products and food at the expense of the national programs oriented to domestic market (a priority

of intensive increase in production over extensive);

- Use of economically reasonable target product financial support taking into account export perspectives in combination with indirect measures of stimulation of production;
- Improvement of norms and rules of technical regulation of foreign trade;
- Stimulation of vendors to improvement of quality and standardization of products;
- Creation of a complete system of advance of products on foreign markets by means of expanded use of marketing tools (creation of a brand, exhibition activity, the foreign trade missions, etc.);

- Creation of information and analytical resources (databases) allowing managing quickly export;
- Developing partnership with other countries for the purpose of receiving trade preferences;
- Improvement of financial and credit and guarantee support system of export;
- Support of investment projects on deep processing of agricultural products according to the international standards.

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