PROBLEMS OF EXPORTS IN RUSSIA

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DOI: https://doi.org/10.32839/2304-5809/2018-12-64-156

The development of non-resource exports is one of the key objectives in the Russian economic policy. The article considers the state of non-resource exports in Russia compared to that of foreign countries, analyzes the main approaches to the classification of exports, and determines the key areas of non-resource exports development in the regions.

Keywords: non-resource exports, development, economy, region, goods.

Formulation of the problem. The content and areas of exports development is determined by the foreign economic policy focused on the implementation of state’s strategic goals and objectives. Today, non-resource exports in developed and developing countries account for the largest share in the total exported goods and services and is one of the growth points of territories’ economic development and efficient export policy. The main economic areas in the development of Russia’s long-term foreign economic policy, as noted by Russian President, include non-resource exports. Therefore, it is currently important to study the export situation in the regions and the problems of its restructuring.

Under these circumstances, it is crucial to correctly identify the priorities in the most promising areas of export activities as a source of territories’ economic growth. In this regard, the purpose for the article is to identify the problems of non-resource exports in the Russian regions.

In 2016, the main share in the all-Russian volume of exports belongs to raw materials and first-order goods of the fuel and energy complex – 42.5% (119.8 billion US dollars), while in 2000 the supply of these product category was only 36.5% (36.2) [5]. According to statistics, the share of non-resource exports of Russia in the total supply is 4% [8]. For comparison: in Germany this share comprises 83%, in Japan – 70%, in the USA – 62%, in the UK – 48%, in China – 94%, in the Republic of Korea – 60%, and in Malaysia – 41% [12; 14]. At the same time, non-resource exports in these countries include engineering products and high-value-added manufacturing products. Thus, the main group of non-resource exports in Russia includes engineering products and high-value-added manufacturing products. For example, the share of engineering products in exports in 2016 in the total volume of all supplies to foreign markets was only 7.8% [12].

Analysis of recent research and publications. The role of exports and the various benefits derived from international specialization, considered in their work supporters of the strategy of export-oriented development and free trade G. Adams, J. Bhagwati, G. Bruton, B. Balassa, M. porter, P. Krugman, A. Krug, G. Tyler, S. Edwards, P. Chu, A. Fos, and others have devoted their recent research to the study of the relationships between economic growth rates and export productivity Hwang and D. Rodrik.

Theoretical aspects of the role of the state in the economy and in the promotion and development of exports were covered in the works of John. M. Keynes, neoclassical Balassa B., A.O. Krueger; institutionalists Veblen, W. Mitchell, George. Galbraith and others.

In General, it should be noted that the issues related to the study of competitive advantages and promotion of exports of the region in the domestic and world science are widely considered. However, despite the large amount of literature, the study of some issues of foreign economic activity in the direction of non-resource export of regions has not received detailed coverage.

The established fuel and raw materials focus of Russian exports provides short-term benefits which do not contribute to adequate development of the economic development of the country and its regions in the long term [1; 6].

Considering the foreign experience in the formation of various analytical product classifications, two main methodological approaches can be identified. The first approach presented in the UN Conference on Trade and Development (UNCTAD), which distinguishes analytical product groups similar to the WTO groups (“agricultural products”, fuels and mining products”, “manufactures”, “machinery and transport equipment”, and “textiles”) [11; 17]. UNCTAD proposes two classifications of goods: by degree of production and by technological category [16]. The main drawback of this approach is the correlation of high-tech and simple products in product categories.

The second approach is used by the Eurostat in the framework of analytical tables and reviews of International Trade. Thus, the German Federal Statistics Office uses the classification of foreign trade goods as economic indicators of national and regional statistics [12; 13]. The key to determining the product is the labor-consuming of production and the complexity of products. These product

1 The economic category includes non-resource energy and non-energy exports according to materials of AO Russian Exports Center. Available at: file://fs/usefold/moy/Downloads/1518435431.pdf.


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groups are encrypted for automatic data processing as follows: food industry; industrial economy; return/replacement of deliveries: defective goods, finished defective products, spare parts [12; 13].

A positive feature of this classification is both the distinguishing of a separate category of “semi-finished product” and the division into nine groups (sections) from zero (food) to machines and equipment, taking the seventh position, where the main role in the calculation belongs to production costs, depending on product complexity. The main drawback of the German national classification is the complexity of its application and practical use in most other countries, including Russia.

**Purpose and objectives of the study.** Taking into account the stated relevance of the study, the aim of the work is to develop scientifically based methods and approach to determine the competitive advantages of the region based on the promotion of non-commodity exports. The specific objective of the study is to substantiate and develop an approach to the realization of the advantages of the region through the promotion of non-commodity exports. At the same time, special attention will be paid to the non-resource component of the export activities of the regions, which is one of the locomotives in ensuring sustainable economic development of the regions.

**Main part.** In Russia there are also two approaches to the definition of resource and non-resource exports. The first one was developed by AO Russian Export Center together with the all-Russian Academy of Foreign Trade (RAFT). The second approach is legislated in the objectives of Chapter 21 of the Tax Code of the Russian Federation applied by the Ministry of Finance [3; 4].

Thus, according to the parameters proposed and developed by AO Russian Export Center together with RAFT, the categories of resource and non-resource export mean the following [3]:

1. Resource exports are exports of minerals and other natural resources, including waste and scrap.
2. Non-resource exports - goods not included in the list of raw materials (including energy; non-energy of upstream, middle, and downstream operations).

With this wording, the feasibility of objectives towards the growth of Russian non-resource exports by 7% per year is quite predictable [2]. At the same time, from the point of view of territories’ economic development, the emphasis is put on quantitative characteristics. At the same time, the quality component becomes a secondary concern.

Under this approach, the share of non-resource exports in Russia in 2016 comprised 54.5% (83.2 billion US dollars), where 17.3% (26.4 billion US dollars) – the share of energy products. In addition, compared to 2014, there is a 1/6 time decrease in non-resource exports due to the reduced volume of energy supplies by 59% (70.8 billion US dollars). Meanwhile, in 2016 compared to 2014 the share of non-resource exports in the total volume of Russian exports strengthened and increased by 2.6 percentage points [3; 7]. Thus, the key segments of Russian non-resource exports, totalling the largest share (60.1% in 2016), are oil products – 29.1%, metals – 18.6% (including ferrous metals – 9.6%, unprocessed aluminum – 4.7%, refined copper – 2.4%, nickel and intermediate products – 1.9%), chemicals and compounds – 5.9% (including fertilizers – 4.2%), plant products, including solid residues – 4.2% (grains – 3.5%), gold and platinum metals – 2.3% [3; 7]. At the same time, engineering, which is the main branch of the world industry and one of the main drivers of economic growth in most developed countries, holds a dominant position in foreign markets supply, comprises only 11.4% in Russia (including nuclear reactors, boilers, equipment and parts – 4.3%, electric machines and equipment – 2.6%, wheeled vehicles – 2.6%, optics, devices, medical equipment – 1.0%, ships, boats and floating structures – 0.6%, etc.).

According to the approach of AO Russian Export Center, the leading positions in the gross volume of Russian non-resource exports in 2016 are held by the following constituent entities of the Russian Federation: Moscow – 41 billion dollars, Saint Petersburg – 11.7, Krasnodar Krai – 5.5, Tatarstan – 5.3, the Leningrad Oblast – 4.7, the Republic of Bashkortostan – 4.1, the Tyumen Oblast – 3.9, Perm Krai – 4.2 billion dollars [3; 7]. The leadership of these regions is mainly due to exports of fuel and energy complex products and low-commodity processes. Moreover, compared to 2014, a 1.7 times growth of non-resource exports only in the Tyumen Oblast was recorded [7]. The remaining leader regions show a decrease in non-resource exports: 3.6 times in the Leningrad Oblast, 2 times – in the Republic of Bashkortostan, 79% – in Saint Petersburg, 55% – in the Moscow Oblast, 48.7% – in the Republic of Tatarstan, 21% – in Krasnodar Krai, and 14% in Perm Krai [7].

This suggests that Russian resource exports in the approach proposed by AO Russian Export Center is based on the predominance in its structure of products of mainly upstream and middle operations of the fuel and energy complex and metallurgy. This, in turn, indicates only short-term benefits and cannot bring the proper economic effect in the long term.

Also, the special part of the legislative act, the wording of the description of commodity groups presented for the objectives of Chapter 21 of the Tax Code of the Russian Federation, when implementing export contracts for the calculation of VAT zero interest rate does not fully classify what exactly applies to resource and non-resource exports items [4].

The proposed approach to resource and non-resource exports is to a greater extent close to the wording of “commodities” represented in the objectives of Chapter 21 of the Tax Code of the Russian Federation [4]. From our point of view, resource exports should be understood as exports of minerals and other natural resources produced from them, which are subject to further processing (semi-finished products). At the same time, non-resource exports are not only supplies to foreign markets of complex finished products: power-generation units, aircrafts, cars and other high-value goods. First of all, it is the
export of parts and components for the upward global value-added chains.

According to our approach, goods are classified based on the customs nomenclature of the Eurasian Economic Union foreign economic activity and includes resource exports (semi-finished product) and non-resource exports, including the following groups (items). Non-resource exports include the following product categories in the form of finished products and goods: of engineering; chemical industry; metallurgy; other commodity categories (including finished products of food, timber, and light industry).

The resource exports include all goods that are excluded from the list of non-resource exports. According to our approach, this group includes agricultural products and raw materials: grains, oil seeds, industrial crops, vegetables, fruit, etc.; chemical products: drug components, fertilizers, including inorganic (ammonia, sulfuric acid, caustic soda and soda ash, etc.) and organic chemicals (hydrocarbons, alcohol, ether); metallurgical products: iron and steel and products thereof, rough non-ferrous (basic) and precious metals; fuel and energy products: oil, gas, oil products, coal coke and others; wood and wood products: logs, rough wood, timber, etc.; waste generated in the production process and further used as raw materials.

The calculations based on the developed approach and statistics on foreign trade of the Russian Federation highlight the following results: the share of non-resource exports in 2016 reached 10.4% (29.8 billion dollars) which, compared to 2014, is the highest value in the total volume of all supplies to foreign markets with a 2.8% increase, primarily due to products of engineering and chemical industry [7]. It is also worth noting that the position of non-resource materials in total regional exports occupy the largest share in seven regions of the Russian Federation: the Omsk – 71.7%, Yaroslavl – 68.7%, Oryol – 60.5%, Moscow – 55.6%, Kaluga – 53.8%, Rostov – 52%, and Bryansk oblasts – 51.2% [7].

In addition, we distinguish the regions leading in the share of exports in GHP: the Smolensk Oblast – 11.9% (0.5 billion dollars – non-resource exports), the Novosibirsk Oblast – 7.9 (1.2 billion dollars), the Kaluga Oblast – 7.6 (0.4 billion dollars), the Nizhny Novgorod Oblast – 7.6% (1.2 billion dollars), the Sverdlovsk Oblast – 6.9% (1.8 billion dollars), the Leningrad Oblast – 6.8% (0.9 billion dollars), the Yaroslavl Oblast – 6.7% (0.4 billion dollars), Saint Petersburg – 5.9% (2.7 billion dollars), the Ulyanovsk Oblast – 5.6% (0.3 billion dollars), the Moscow Oblast – 5.5% (2.6 billion dollars). Compared to 2014, the growth in non-resource exports was recorded in the Sverdlovsk (39.6%) and Novosibirsk (6.7%) oblasts, the remaining leaders demonstrate a negative trend ranging from 0.4% to 19.9% [7].

The support for non-resource exports in the country is currently developing rapidly, specialized export development organizations are established, federal programs are approved and adopted, and road maps are developed [2; 10]. At the same time, there is a number of non-financial measures and certain elements of the system of financial support for exports: export loans, interest rate subsidy program, insurance against business and political risks, state guarantees and loans. Despite the full range of tools for financial support of exports, its efficiency is still quite small. The main drawbacks of this system include, first of all, the high cost of credit resources, which makes the financial component of export support non-competitive. It should be understood though that domestic exporters lose the competition for export markets, primarily because they cannot provide foreign buyers with attractive credit conditions that they receive in other countries [10].

It should be noted that the main potential positions in non-resource exports in demand on world markets are engineering and agricultural products, which are the main area of development of the Russian economy as a whole, and its regions in particular [9].

Conclusions and offers. Therefore, it can be argued that, first of all, the basis of the structure of non-resource exports in the Russian regions is production in the form of simple products. Second, with all the existing tools to support high-tech exports in Russia, the role of regional exporters as the main actors in increasing competitiveness of products supplied to foreign markets, which may eventually become one of the drivers of the territory’s economic growth, is largely associated with non-financial support measures, where the financial component remains a secondary tool. Third, export support centres have been established in most Russian regions (45 units). However, the main tools applied in export support centers in the regions provide a one-time service and are not potentially aimed at stimulating the development of high-tech exports [9].

Thus, when stimulating the development of high-tech exports in the regions as a driver of economic growth with due interest of authorities and management in charge of foreign economic issues it is necessary to take into account the following provisions: 1) at the federal level, it is necessary to improve the methodological assessment tools based on the study of foreign experience and international practices in order to determine the economic effect in the regions from the implemented support programs, and the development of strategic documents aimed at proactive export policy; 2) it is necessary to develop methodological support systems with a classification in high-tech exports to form statistics and construct forecast models; 3) it is required to form a system of production support and promotion for high-tech products of non-resource exports based on non-financial and financial tools (taxes, loans, insurance, trade and economic measures) in all cycles of export activities with their step-by-step implementation.

To sum up, it is worth emphasizing that it is the supply of high value-added products of non-resource exports that can become the main driver of economic growth in Russian regions which would contribute to production of high-quality competitive products demanded on world markets.

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ПРОБЛЕМЫ ЭКСПОРТА В РОССИИ

Аннотация
Развитие несырьевого экспорта является одной из ключевых задач российской экономической политики. В статье рассматривается состояние несырьевого экспорта в России по сравнению с зарубежными странами, анализируются основные подходы к классификации экспорта, определяются ключевые направления развития несырьевого экспорта в регионах.

Ключевые слова: несырьевой экспорт, развитие, экономика, регион, товары.