Risk management in the export activities of agricultural enterprises

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Abstract. The export of agricultural products is particularly important for the country's economy. But despite this, exporters are experiencing difficulties with the lack of a competitive system of export support, the lack of an analytical framework for the main foreign markets, using foreign countries' requirements and measures restricting the export of products, the need to improve product quality. As a result, the activities of exporters are affected by many risks, which are sometimes difficult for even large companies to cope with. The paper presents problems and recommendations for managing the risks of agricultural exports at enterprises, which implies the introduction of comprehensive measures to reduce the existing risks when entering export activities.

1. Introduction
Agriculture is an industry of strategic importance that provides not only commercial profit, but also ensures food and national security of the region. This is one of the few sectors of the economy that shows steady growth even in times of crisis. In recent years, exports of agricultural products from Russia have been growing and actively diversifying, export growth is mainly due to countries with a low level of financial discipline, and the share of imports to more reliable countries, unfortunately, is decreasing. Businesses must understand this and correctly assess the risks for themselves. It’s also possible to work with countries with high risks, but it’s necessary to understand how to cover these risks correctly [1-3].

The purpose of the work is to optimize the risk management of agricultural exports.

The implementation of this goal required solving a number of tasks:

- study the theoretical, methodological and scientific literature on the topic of risks in the implementation of export operations;
- analyze the existing risks and identify the most important types of export risks for agricultural enterprises;
- analyze the specifics of applying the existing methodological framework to solving problems related to export risk management;
- develop recommendations to improve the risk management of exports by the enterprises of agricultural complex.

The object of research is the risks of export activities of enterprises of the agro-industrial complex. Subject of research is an export risk management.
The concept of "risk" and "risk management" was covered in the works of such authors as A. P. Algin, S. B. Rebrik, and A. I. Mechitov. The works of these authors were published in 1980-1990 and described mainly the study of the problem of risks. Later, Russian scientists I. E. Zadorozhnyuk and V. E. Savchenko first formulated the problem of economic risks existence. The studies of A. N. Romanova, V. Smolkova V., I. J. Lukasiewich showed the necessity of managing business risk.

There is another sphere of risk management research (S. I. Petrova, S. I. Poltavtsev, B. B. Khrustalev, S. M. Yarovenko, etc.), which is mainly related to the integration of the risk management process to certain financial management techniques.

Therefore, the problem of risks and their management in the implementation of export operations takes on special weight. The leading role of agricultural exports for the economy of the state and the region necessitates the development of an effective export risk management system [4-7].

2. Materials and methods

Export (from lat. "exporto") is the delivery of goods manufactured in the territory of one state to the territory of another state for the purpose of its further use. The seller of these goods or services is called an "exporter" and the buyer is called an "importer". Currently, the export of any goods or services carried out in a legal way is one of the most common activities in trade and forms the basis of international economic relations. The main goal of export for an enterprise is to increase the profit of this enterprise [8-11].

The following types of exports take place:

- export of goods produced or processed in the exporting country;
- export of goods (raw materials) for the manufacture of the final product abroad;
- temporary export of local goods (to exhibitions, fairs, auctions, etc.);
- intra-company delivery of goods;
- re-export – export of goods imported earlier from abroad without additional processing in the re-export country.

Agriculture is a set of branches of the national economy that specialize in the production of raw materials or finished products for the food and processing industry. This is one of the few sectors of the economy that shows steady growth even in times of crisis.

Agricultural products are often used in other industries, such as pharmacy, textiles, footwear, biofuels, etc.

The development of agriculture in Russia in the long term is seen in the transition from import substitution to export activities. The volume of the domestic market helps to reduce prices and increases the competitiveness of goods in international markets. The volume of agricultural exports is growing every year. Until 2030, the volume of agricultural production in the world will increase by about 3% per year, including in Russia. Specialists of the scientific institute expect an increase in agricultural output from 1.5 to 4%.

As for grain, in the past years there was a decline in exports due to a reduction in the competitiveness of domestic grain and leguminous crops, as well as due to a drop in gross harvest. Deliveries are expected to increase in 2020 and beyond. Positive dynamics is due to several factors: increase in gross harvest of grain and leguminous crops, to improve the quality of raw materials, the increase in the consumption of the product by importers and geographical expansion (e.g., Iran, as the country lifted the ban on the importation of wheat). The extension of state support for the grain industry will also have a positive impact on grain exports.

Export of agricultural products is developing within the framework of the project of the same name, according to which the country should increase the volume of shipments abroad by 2 times by 2024. Today, the most promising spheres for exporting agricultural products are China, India, Mongolia, and Central Asia – Kyrgyzstan, Tajikistan, and Uzbekistan. In 2019, deliveries of vegetable oils to China were already established.
In accordance with the program for the development of agriculture until 2024, exports of agricultural products should double in relation to 2019. And it is the export of agricultural products that should become the main direction that will determine the growth of the country’s agro-industrial complex.

3. Results

The problem of risks and their management in the implementation of export operations is particularly important for regions where there are a large number of enterprises that are focused on exporting their products or want to become exporters, so it is simply necessary for agricultural enterprises to develop export activities.

The easiest way for start-up exporters to enter the international market is to use the services of intermediary firms. International marketing intermediaries are domestic merchants-exporters, domestic export agents or cooperative organizations that bring their specific professional knowledge, skills and services to this activity, and therefore the seller usually makes fewer mistakes, and therefore the risks will also be less [12-15].

If the company decides to export independently, all the costs and risks of entering the foreign market fall on the shoulders of the company.

The main problem is economic difficulties. It is often difficult for small businesses to allocate a budget for the development of export activities, and the need to conduct business in foreign currency requires opening a foreign currency account in a bank, which entails additional expenses for account maintenance. There is also a risk of currency depreciation. If the exchange rate of the domestic currency increases, this may lead to the fact that the company will become relatively uncompetitive in foreign markets.

Also, one of the main problems is the competent preparation of a foreign trade contract with the buyer, in which you need to take into account a huge number of points:

- date, place of signing the contract, registration number;
- name of the parties to the agreement, names of states, status of partners;
- the subject of the contract, which includes a description of the product and its name;
- the cost of production, its quantity, the currency in which you plan to make payments;
- delivery term;
- type of product packaging;
- delivery time;
- terms of payment for the product;
- information about insurance;
- guarantee service (if available);
- responsibility of the seller and buyer;
- procedures for dealing with disputes or conflicts;
- occurrence of force majeure;
- additional information;
- partner details: names, legal addresses, bank details;
- signatures of both parties, seals and transcripts of signatures.

If the company is engaged in export not independently, but through an intermediary, then the intermediary will be responsible for drawing up such a contract. But usually this option is unprofitable, as it carries high costs. Therefore, it is more profitable to study all the peculiarities and export directly [16-20].

In addition, when entering foreign markets, the company must have a stable financial position, because the conduct of export activities is associated with additional costs:

- the cost of loading goods on a vehicle;
• payment for transportation of goods from the seller's warehouse to the customs warehouse;
• expenses for voluntary or compulsory insurance;
• expenses for unloading and storing goods during customs inspections;
• expenses for reloading goods when crossing the border to a new vehicle;
• services for the declaration of export;
• other expenses related to the sale and customs clearance of exports (customs duty, warehouse services, phytosanitary certificate, etc.)

Long terms of customs procedures.
Many companies negatively assess the level of customs officers’ competence, which, in their opinion, is the main reason for the increase in deadlines. In addition, the requirement to provide documents on paper also increases the time required to complete the procedures. Exporters record the facts of requesting additional documents directly at customs and the need to repeatedly confirm the product code [21-24].

Shortage of wagons in railway transport.
Some exporters are experiencing a shortage of wagons for the export of grain, flour, lumber, as well as delays in the provision of wagons. The acute nature of the problem is related to the peculiarities of the market for providing freight wagons due to the ban on extending the service life of freight wagons introduced in early 2016 and the subsequent surge in the write-off of old wagons (in 2016, 48% more gondola wagons were written off in annual terms), the shortage of rolling stock in certain directions increased during the high loading season (late summer-early autumn). As new freight wagons enter the network, the issue should lose its relevance.

Low awareness about the mechanisms of state support for exports.
Companies need information about foreign markets, including legal barriers, certification and licensing in target countries, and other measures. For example, within the framework of industry export development strategies (for railway, agricultural, aviation and automobile engineering), as well as measures to support foreign trade, enterprises are offered subsidies to compensate for part of the costs of participating in exhibition and fair activities [25-28].

In addition, according to a survey of exporters by the analytical conjuncture center, "novice" exporters talk about the difficulties of finding partners abroad and the high cost of participating in foreign exhibitions. Companies are dissatisfied with the stricter requirements of the Rosselkhoznadzor and the outdated information provided on the organization's website. Companies also have problems working with Rospatent: it is difficult to get a license directly from the organization, and it is easier to work with patent proxies, but much more expensive (according to exporters, the cost of obtaining a license is doubled). Many exporters consider the fines for minor violations of customs procedures to be unjustifiably high.

The development of recommendations for managing the risks of exporting agricultural products at the enterprise implies the introduction of comprehensive measures that will reduce the existing risks when entering export activities [29-31].

Companies need to have a professional "guide" for entering the export sector, consisting of practical recommendations. The company's management must follow it, performing and controlling each item step by step. After all, an element of risk is present at each stage of the transaction, and the complexity of the business environment in which exporters operate increases these risks many times over.

By signing an export contract, the exporting company assumes certain obligations – timely delivery, high quality of goods, etc., and also makes certain assumptions about its partner, for example, that they will complete the payment on time and in full. These obligations and assumptions are the company's risks. Management should be aware of these risks and take steps to manage them. However, it is very difficult to keep track of everything. You can lose sight of some detail that will cause a lot of trouble later. To ensure that the manager can cover all stages of the transaction as much as possible, prevent and minimize all risks, recommendations on export risk management were developed in the form of a short guide.
In practice, the obligation will present a mental map and a small booklet in which you can write and put marks. The manager chooses the most convenient format and uses it.

The guide includes all the main types of risks – credit, financial, related to product quality, transport and logistics, legal, political, currency, cultural and language, and other types of risks. The guide is designed in such a way that you can start with any risk, and not go in order from beginning to end.

The guide provides a list of risks and ways to eliminate and minimize them. These export risks are combined in a single information space, but not ranked by importance. This is done specifically so that in each specific transaction, the exporting company can independently rank the risks, identify the most significant ones and, according to the recommendations, draw up an action plan. However, many actions to minimize different risks can be performed simultaneously, and some should be performed first, and this also needs to be taken into account. But this does not mean that the company should use all recommendations to minimize risks. Sometimes it is enough to choose a couple of items from the entire list to avoid the negative consequences of hazards [32-34].

This concept of recommendations is universal for exporters of various goods. When using the guide in practice, differences arise only in the content of the proposed steps.

The general scheme of the sequence of applying recommendations for export is shown in figure 2.

The diagram shows where and at what stage you can face certain risks when entering the international market and compliance with the developed recommendations for risk reduction will allow you to quickly influence the risks at each stage of the transaction.

The developed plan of recommendations will make it possible to present the process of minimizing the risks of exporting goods in an accessible form for understanding and further analysis. It is necessary to identify those points in business processes where an emergency situation is highly likely to occur. In addition, the manual allows you to identify and cover the maximum number of risks that arise when exporting goods.

4. Conclusion
There are a lot of risks in export activities and all of them pose a threat to the exporter. It is often very difficult for companies to cope with them. Risks need to be managed and minimized, but to do this; you need to have complete data on the state of affairs in the market of goods, services, and currencies.

Applying this model in practice shows that risk management has become much easier and clearer. It has become easier for management to identify possible causes of risks at an early stage and predict actions to minimize them. Implementation of the recommendations made it possible to avoid additional
costs associated with hiring a risk management specialist and to understand the risk management process independently. It is a good advantage for small businesses.

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