MODERN ASPECTS OF RUSSIA’S FOREIGN TRADE POLICY AND ITS EXPORT POTENTIAL IN THE GRAIN MARKET

INTRODUCTION

The issues of providing vital resources and benefits are always at the top of the agenda of state leaders’ meetings. The ambiguous geopolitical situation, the shift in interstate relations of Russia from Europe to Asia, creating new centers of influence, can lead to a successful solution of socio-economic problems. On the other hand, it can hinder the development of both individual industries and entire intra-economic complexes.

Research hypothesis: Grain logistics supply chains are, on the one hand, an integral part of the country’s food policy. On the other, they are a sphere of entrepreneurial interests, due to which the problem of food security can be solved by states that are not fully provided with this resource. The peculiarity of the world grain market is that purchases are made within the framework of competitive bidding, where countries place offers for the purchase of a certain type of grain under specified conditions, thereby ensuring competitive conditions. In this regard, Russia, as a state that takes an active part in world trade, should provide itself with competitive advantages in the formation of international grain supply chains, offering not only traditionally high-quality products, but also reasonable prices.

Judging by the dynamics of trading, the last criterion for Russia is a weak point.

The purpose of the study is determined by the scientific hypothesis and consists of a comprehensive analysis of the national grain economy from the point of view of the prerequisites for the development of the country’s export potential and the expansion of Russia’s logistics capabilities to participate in world grain exports. The scientific novelty of the study is to determine the scope and possibilities of the export potential of the Russian grain industry and to identify the factors that hinder the development of Russian foreign economic relations in the grain market.

METHODS

The article used the analysis of scientific literature, regulatory legal acts, and periodical sources of information. The data from periodicals, which analyzed the experience of the world grain trade, were of particular interest for research. The novelty of the Russian grain strategy predetermined the time interval of publications for analysis – 2018 and the first half of 2020. The information base of the study was the statistics of the world grain market, Russian opportunities to participate in foreign trade in this product, as well as the legal norms that determine the legal order of exporters’ activities in this area and the specifics of state policy aimed at developing the country’s export potential.

The research of several scholars examines the resource potential and the degree of involvement of states in the CIS zone in world economic relations.

In Russia, the emergence of the regional economy as a separate object of study is associated with the name of academician N.N. Nekrasov. Four fundamental works by the author were...
published in the mid-1970s. (NEKRASOV, 1978). He noted that “the location of productive forces is seen as the basis, the main component of the regional economy” (NEKRASOV, 1974, p. 45), which confirms the importance of state policy in reforming the Russian national economy following the modern realities of interstate and corporate relationships.

The importance of state participation to create a close link between the economic potential of the country and the possibilities of its implementation outside the national market was considered in the works of Vardomskiy (2002). The author studied the regional structure of foreign economic relations, as well as the legal basis for the foreign economic policy of the subjects of the Russian Federation for the long-term growth of individual industries (VARDOMSKII & SKATERSHCHIKOVA, 2002). Many articles, dissertations, and monographs have been devoted to the issues of what is the basis of Russia’s export potential. To a greater extent, scholars distinguish two directions of state policy:

1. Support for export-oriented enterprises,
2. Development of infrastructure and logistics opportunities for expanding and intensifying export flows.

The first direction implies, first of all, reducing the degree of monopolization of the Russian economy and expanding state support to create a competitive position in the market. Academician Primakov (2015) draws attention to the importance of revising the sectoral policy of Russia, noting the weak competitiveness of Russian business in international markets, due to the high share of monopolies, low competition, increased labor costs, and as a result - the high price of the product at the output, coupled with a weak share of its functionality and innovation.

The country’s policy currently contains several large-scale projects aimed at gradually resolving these issues, but the effectiveness of reforms is insufficient in the constantly changing conditions of foreign economic relations. It is possible to achieve it, including by developing private-public partnerships. Kolycheva considers it promising to develop the small business sector as the most adaptive and innovative, especially in the underdeveloped, depressed regions of the country. She, like other authors as Krylatykh (2014) and Dudinova, (2014), rejects the dependent concept of supporting entrepreneurs by the regional authorities, and the transition to strengthening partnerships both between the authorities and small businesses and between small businesses and large businesses (KOLYCHEVA, 2014).

In the dissertation of D.G. Aminov and other authors (STADNIK et al., 2013), several problems associated with the participation of CIS countries in foreign trade activities were noted. The concept of “export potential of industry” for countries with economies in transition as a possible ability of economic entities (industry, region, the country as a whole) to export industrial products to the external market in conditions certain restrictions and incentives, depending on the internal potential of the economy, demand in foreign markets, as well as the system of internal and external export barriers was clarified (AMINOV, 2016).

We agree with the specificity of grain studied in several works as a strategically important and special product of the world market (special requirements for storage, transportation; importance for ensuring food security due to low substitutability; economic, political, and social significance). It should be considered by the state, realizing that only energy resources can contribute to the development of international cooperation and long-term cooperation of countries (LIKHMAN, 2013; KRYLATYKH & MAZLOEVA, 2014; AFANASEVA, 2008).

Within the framework of the second direction, attention is paid to the possibilities of individual complexes, economic spheres to create a product, an item of goods, or a service that helps to compete with strong national economies (CRISTOFER, 2004). An important place in scientific works is given to the concept of the potential of both the grain market itself and the state’s ability to create logistics chains for its movement to the world market (REZNIKOV, 2014; ALBEKOV, 1999). We note the remaining undeveloped infrastructure, high fluctuations in seasonal and annual prices for food grain (KORCHAGIN et al., 2017), the presence of monopoly structures, an excessive number of intermediaries, and significant price imbalances for grain and industrial products (DEMENTEVA, 2013).
We identified the need to create a government of modern logistics infrastructure to overcome spatial price differences related to the remoteness of the agricultural regions of the export grain terminals and the growth of the transport and logistics components of the export price of wheat. There is a need to solve the problems of ensuring grain quality international standards, the absence in Russia of practical implementation and adequacy of the state support of agricultural exports (despite the adoption of a support strategy following the Presidential Decree in 2018), and the lack of diversification of grain marketing channels (AKHMADULINA, 2018). All this together determines the importance of studying the possibilities of Russia in increasing the export potential of grain.

Generalization methods and system analysis allowed identifying the relationship of political decisions of the state with the economic prerequisites for the export grain potential of the country. This made it possible to formulate the dilemma of the rationality of regulation of logistics supply chains in the grain market to ensure the necessary level of food security, on the one hand, and expand the country’s share by the world grain market as an indicator of strategic partnership, which predetermines the possibility of mutually beneficial exchange within the framework of interstate cooperation, on the other.

RESULTS
Modern logistics primarily studies the issues of transportation and storage of goods following a specific route (BEREZHNAYA et al., 2016). The methods and tools used are predetermined by the volume, depth of the market, intensity of its development, degree of infrastructure development, and presence of ramified business contacts at any level. Special attention was paid to the degree of interference in the business processes of the state itself. In this regard, participants in the logistics chain of grain supplies are subject to careful monitoring by the authorized bodies. On the one hand, grain crops are an important resource of the food program. Therefore, the state creates and maintains the necessary level of logistics reserves. On the other, recognizing the importance of this resource, it maintains partnerships with other countries, allowing entrepreneurs to represent the interests of the state in the grain market, thereby extracting commercial benefits (BEREZHNOY et al., 2015). Transport logistics is impossible without a well-coordinated interaction of warehouse and production logistics. As a result, in addition to delivery issues, the grain infrastructure should include transshipment and storage services (ERMAKOVA et al., 2019).

In 2019, the Government of the Russian Federation approved the Long-Term Strategy for the Development of the Grain Complex of the Russian Federation until 2035 (ORDER OF THE GOVERNMENT OF THE RUSSIAN FEDERATION No. 1796-r, 2019). The document reflects the relationship with other important elements of the state’s long-term policy, for example, the Doctrine of Food Security of the Russian Federation, the State Program for the Development of Agriculture and Agro-Industrial Complex Markets, the Strategy for Socio-Economic Development until 2020, as well as the Forecast of Socio-Economic Development until 2036. Separately, the relationship between the grain strategy and transport, as well as with the development of rail and water transport as the main means of moving grain in logistics chains, was traced (BEREZHNAYA et al., 2018).

The document is based on the objectives of increasing the competitiveness and investment attractiveness of the industry through the introduction of innovations in the production and processing of grain crops, as well as establishing a balance of supply and demand in this market by ensuring, first of all, the needs of the country itself within the framework of food security and, secondarily, fulfilling international obligations on grain exports (MARTSEVA et al., 2019). Within the framework of foreign trade, the task is to strengthen Russia’s position in the world grain market, although by the end of 2018 Russia was one of the three largest players in grain exports. According to statistics, 9% of the world’s sown area belongs to Russia (79.6 million hectares, of which 46.3 million hectares are grain crops), as well as 5% of world grain production. Let us consider the dynamics of grain production in the Russian market over the past 10 years (Fig. 1).
The results of the analysis of the dynamics of grain production in the Russian market over the past 10 years indicate the absence of a pronounced trend. In general, over 10 years, there is an increase in production by almost a third (+24%), but the values for the periods vary. Thus, since 2013, there has been a positive trend, especially in 2016-2017, but the late spring and dry summer in 2018 led to a decrease in the gross harvest, which confirms the significant impact of natural and climatic risks on grain production (SEROSHTAN & FILATOV, 2020).

Therewith, the decrease in yields for the agricultural business is largely a positive moment, since the capacity for the implementation of logistics operations: transshipment, transportation, and storage of such a volume of grain is insufficient. Neither the transport sector nor the ports of the shipment could cope with the increased turnover, which led to the loss of a significant part of the grain harvest. Consequently, the turnover and prices of this market are affected not only by the resource potential of grain cooperatives but also by the lack of distribution channels and transport flows for export (MARTSEVA & VOBLAYA, 2017).

The state of the national market depends on its capacity, the level of competition, the availability of restrictions, and the demand for grain for industrial purposes (animal husbandry, deep processing, sowing). The task of replenishing state stocks is of great importance (the Doctrine of Food Security defines the threshold value of 95% of the share of domestic grain in the domestic market), direct consumption (purchase and sale), as well as the direction of development of the world grain market, which tends to grow regularly. This, in turn, determines the patterns of price formation for such basic crops grown in Russia as wheat, barley, and corn. Let us look at how the cost of these crops has changed over the past 2 years (Fig. 2).
Figure 2. Dynamics of export prices for wheat, barley, and corn on the Russian market

Source: Search data.

There is a close relationship between the gross harvest of grain crops and their value on the world market. The excess of supply over demand forces manufacturers to reduce the price of products to save on warehouse costs. During the period of supply shortage, the state uses grain reserves to contain the sharp rise in prices. During the second half of 2017 and until the middle of 2019, there was an increase in prices for wheat and barley. However, starting from the 3rd quarter of 2019, prices began to decline, which is due to a decrease in demand for cereals on the world market and the loss of competitive advantages of Russian entrepreneurs, as partners in international tenders in the fall gave preference to Ukrainian and European wheat. This led to a surplus in the domestic market and the inevitable fall in the price of wheat by almost 20% (from 12.262 rubles/ton to 9.374 rubles/ton). In 2020, export prices for cereals increased due to the intensive growth of exports in the second part of the agricultural year. Over the last 4 agricultural years, grain exports amounted to:

- season 2016/2017 - 33.2 million tons;
- season 2017/2018 - 49.02 million tons (+48%);
- season 2018/2019 - 42.5 million tons (-13%);
- season 2019/2020 - 42.3 million tons (-0.5%).

Prices began to fall in the spring of 2020 due to the exhaustion of the nontariff export quota for grain to maintain the level of grain supply to the national economy. Thus, the development of the Russian agro-industrial complex in general and the grain market, in particular, depends on both internal (market capacity, supply-demand ratio, the policy of direct state intervention in the form of state orders, subsidies, quotas, the ability of agricultural enterprises in gross harvest, transshipment and storage of grain crops, the development of logistics chains, natural and climatic conditions) and external factors – the country’s foreign trade relations, its export potential, the capabilities of the transport system, and the position of competitors (Sereda et al., 2020).
What are Russia's opportunities in the global grain market?

In 2018, the President of the Russian Federation signed a decree "On national goals and strategic objectives for the development of the Russian Federation for the period up to 2024". Its main content was to designate a new stage in the Russian socio-economic development, considering the latest achievements of science and technology. The main role in ensuring the declared path is played by the Government of the Russian Federation, as well as ministries directly related to the modernization of key industries and ensuring a decent standard of living for Russians (DECREES OF THE PRESIDENT OF THE RUSSIAN FEDERATION No. 204, 2018).

One of these initiatives was the passport of the national project “International Cooperation and Export” (2020) developed by the Ministry of Industry and Trade of the Russian Federation, which was reviewed and approved at the meeting of the Presidential Council for Strategic Development and National Projects on December 24, 2018. The ambitious plan includes five federal projects: "Industrial export", "Export of agricultural products", "Logistics of international trade", "Export of services", and "Systemic measures for the development of international cooperation and exports". Three of them are directly related to the topic of this study since they determine the issues of expanding the commodity mass for sale on the world market, ensuring logistics channels for the unhindered movement of agricultural products for export, as well as measures of state support for agriculture within the framework of the announced guidelines.

Thus, the passport of the federal export program defines the basic value of grain exports as of December 31, 2017, at the level of 7.5 billion USD with an increasing value of up to 11.4 billion USD in 2024 due to the support and state support for entrepreneurship, which has been given special attention in the country in recent years (SEROSHTAN et al., 2019). According to the new subsidy distribution scheme, export support will be provided individually, through the development of Corporate International Competitiveness Programs (CICP) by businessmen, in which they commit themselves to increase grain supplies abroad. According to the passport, at the end of 2019, 16 such CICP were concluded (PASSPORT OF THE FEDERAL PROJECT “EXPORT OF AGRICULTURAL PRODUCTS”, 2020).

However, since the cost indicators do not allow identifying the unambiguous dynamics of the increase in the actual export of grain, we will conduct an express analysis of the forecast of the potential for achieving the planned values within the existing possibilities. To do this, it is necessary to analyze separately the dynamics of grain prices for a certain period. As a basis for the calculation, we will take the growth rates of prices for wheat of the 3rd class, which has been accounting for more than 80% of grain exports, for barley and corn over the past 3 years. According to the data on the value of prices for the period from January 01, 2017, to May 01, 2020, the average price growth rate per year was calculated – 1.0068. The data is presented in Table 1.

Table 1. The value of the export potential following the passport of the federal program

| Indicators | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  |
|------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Grain export volume according to the program passport, billion USD | 7.5   | 7.6   | 7.6   | 7.9   | 8.3   | 9.1   | 10.7  | 11.4  |
| Average price of 1 ton, USD* | 174.4 | 159.5 | 173.5 | 174.7 | 175.9 | 177.1 | 178.3 | 179.6 |
| Volume of grain exports, mln tons* | 43.0  | 47.7  | 43.8  | 45.2  | 47.2  | 51.4  | 60.0  | 63.5  |

Source: *Calculated values according to the Federal Customs Service data, Zerno.Ru

Thus, the values of the volume of grain exports imply an increase in exports for the entire period of the program implementation by 20.5 million tons, which in relative terms (+47.7%) means an almost double increase in exported grain. The project aimed at developing the logistics of export flows defines the need to double the capacity of checkpoints located on the border of the country, which will lead to a reduction in logistics costs and an increase in the speed of movement of goods for export. This task is very important for the grain market and requires the reconstruction of existing and construction of new checkpoints across the state border (36 checkpoints are key by 2024) and the development of a package of documents that
simplify the movement of goods for export (a single transport document) (NATIONAL PROJECTS: INTERNATIONAL COOPERATION AND EXPORT, 2020).

One of the problems that international carriers face is the problem with the rapid movement of goods at border checkpoints. In this regard, within the framework of the May 2018 decrees of the President of Russia, the Russian Expert Center (REC) developed the federal project “Logistics of International Trade”, which was included in the national project “International Cooperation and Export”. It implies the introduction of a single multimodal transport document (SMTD) by 2022. This document will be valid for the transportation of goods by all types of land transport, including road (as well as railway, sea, and river). There is still no precise understanding of the form of the document (paper or digital), but its content will be the same as that of any transport document already used (for example, an auto or railway bill of lading).

Since the task is not to replace the transport documents but to create an alternative (a single document, without registration of other transport documents) for carriers operating on a single multimodal chain.

REC experts note that a similar document exists in international circulation – the FIATA multimodal transport bill of lading, which is a transport document of the freight forwarder when participating in multimodal transport, although there are no restrictions for its use in direct transport. Thus, the new document should help overcome logistical constraints. Thus, Russia is ready for changes that not only affect the entire economic complex of the country, but also specialization in the most important and efficient international grain supply chains.

What is Russia's role in the global grain market?

In June 2020, the International Grain Council (IGC) prepared a forecast for the development of the global grain market for the new season (Food and Agriculture Organization of the United Nations, 2020). It noted a positive trend in the growth of grain production by 2% more than in the current period and will amount to approximately 2.2 billion tons. Against the background of increased production, the deterioration of the economic situation caused by the pandemic may lead to an increase in grain consumption from 2.19 billion tons to 2.23 billion tons due to the increase in strategic reserves of China, the US, and India. According to the FAO, the volume of grain production in 2019 amounted to 2.719 million tons, which exceeds the level of 2018 by 2.3%, while the maximum dynamics was shown by wheat production (in annual terms, the increase was 4.2% for 2019) (FOOD AND AGRICULTURE ORGANIZATION of the UNITED NATIONS, 2020).

According to the FAO forecast, the demand for grain in 2019/2020 will be approximately 2,721 million tons, which is 1.6% more than the previous value in 2019. The growth is planned mainly due to the demand for wheat and forage varieties. The main exporters in the grain market are the US, Russia, Brazil, India, Canada, and France. Russia is one of the top three grain producers, competing with other countries in the export of wheat, rice, and corn. The data is shown in Fig. 3. Therewith, Brazil's place in the ranking is determined not so much by exports as by re-exports of grain, so the main suppliers are the US, Russia, and Canada. More than 80% of the exported grain in Russia is wheat (34.2 million tons in 2019). Russia competes with European and Ukrainian manufacturers for these products.

Analysis of exports by type of grain crops allows concluding that the volume depends on the demand on the world market for a particular grain, as well as on the quality of the resulting crop. Traditionally, the largest share falls on the supply of wheat. According to the results of the previous season 2018/2019, wheat exports, as well as two seasons ago, show the maximum export indicators: 2017/2018 - 40.8 million tons, 2018/2019 - 34.2 million tons, 2019/2020 - 34.5 million tons (for reference).
There is also a satisfactory situation for barley: 2017/2018 – 5.87 million tons, 2018/2019 – 4.3 million tons, 2019/2020 – 4.2 million tons (for reference). Corn exports show a negative trend due to a decrease in the quality and volume of the harvested product: 2017/2018 – 13.2 million tons, 2018/2019 – 11.4 million tons, 2019/2020 – 3.9 million tons (for reference). In total, the outgoing grain flow for the last season can be represented in the form of a diagram (Fig. 4).

Analysis of the dynamics of the outgoing grain flow of Russian grain over the past 5 years shows that the 2017/2018 season was a record for Russia, since in general there is an increase in exports by 58%, primarily due to a sharp increase in the supply of wheat and barley (+59% and +117%, respectively) (Table 2).
Table 2. Analysis of the dynamics of the outgoing flow of grain (exports) in Russia for the 2015-2020 agricultural years (July 1-June 30)

| Indicator | Volume, million tons | The growth rate compared to the previous season, % |
|-----------|----------------------|--------------------------------------------------|
|           | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20* | 2016/17 | 2017/18 | 2018/19 | 2019/20* |
| Total     | 32.7    | 33.3    | 52.7    | 42.6    | 45       | 101.8   | 158.3   | 80.8    | 105.6    |
| wheat     | 23.7    | 25.7    | 40.9    | 35.2    | 36       | 108.4   | 159.1   | 86.1    | 102.3    |
| barley    | 4.6     | 2.8     | 6.1     | 4.6     | 5.5      | 60.9    | 217.9   | 75.4    | 119.6    |
| corn      | 4.4     | 4.8     | 5.7     | 2.8     | 3.5      | 109.1   | 118.8   | 49.1    | 125.0    |

*reference value

Source: Search data.

Against the background of such successful work, the values of the 2018/2019 season look more meager, but compared to the 2016/2017 export season, the values have a positive trend. Thus, in the 2018/2019 season, wheat exports amounted to 42.6 million tons, and in 2016/2017 - only 33.3 million tons. For barley, the export value almost doubled from 2.8 to 4.6 million tons. The corn harvest was worse than usual in 2018/2019, which was reflected in a decrease in the rate of its export. According to experts, in the 2019/2020 season, it is possible to increase the export indicator in general and, to a greater extent, the volume of corn.

Figure 5. Dynamics of Russian grain exports for the 2017/2018-19/2020 seasons, million tons

Source: Karabut (2020)
There has been a decrease in the volume of grain flow from Russia since February last year (Fig. 5). This was due to the need to replenish the country’s domestic wheat reserves, as well as to the active trade policy of the EU and the US, which led to a partial loss of competitiveness of Russian wheat on the world market.

**Figure 6.** Main consumers (importers) of Russian grain, million tons

![Graph showing grain imports for various countries]

*Source: Search data.*

In the 2019/2020 season, restrictions were again imposed since the export quota for grain, set in April 2020 at 7 million tons, was fully implemented. Therefore, following the Government Decree of March 31, 2020, No. 385 “On the introduction of a temporary quantitative restriction on the export of grain crops outside the territory of the Russian Federation to states that are not members of the Eurasian Economic Union and the establishment of a case in which the temporary periodic customs declaration of goods is not applied” (RESOLUTION OF THE GOVERNMENT OF THE RUSSIAN FEDERATION No. 385, 2020), the export restriction was set before July 1, 2020. Therefore, the increased demand for wheat within the country contributed to an increase in its cost in the second half of the 2018/2019 season compared to the first by approximately 10-15%, depending on the market of the Russian regions. As a result, exporters...
also increased prices, although the global market showed a downward trend. For example, at the beginning of the season on the Black Sea coast, wheat with 12.5% protein cost about 222 US dollars/ton. In February 2019, the price reached 240-245 US dollars/ton.

As a result, Russian wheat has lost its competitive position in the world market. The largest importers (primarily Egypt) began to give preference in tenders to French, Romanian, and American wheat producers (Fig. 6). Fig. 6 shows not all countries, but only those with the largest orders, since the geography of Russia's grain trade covers almost the entire globe. As shown in Fig. 6, the largest buyers for Russia are Egypt and Turkey. The rest of the countries are three or more times behind the leaders. United Sudan closes the top ten importers on this list. The ambiguous dynamics in the summer of 2019 is primarily associated with a decrease in the competitive advantages of Russian product, primarily wheat (prices are higher than those of competitors - Europeans and Ukrainians with the same quality). In this connection, some large importers (for example, Egypt) have signed contracts with other exporters, thereby depriving Russia of part of the export revenue. The major importers of Russian grain in 2019 are Egypt (7.6 million tons), Turkey (5.5 million tons), and Iran (2.4 million tons). Within the framework of previously defined processes in the second half of 2019, there is a decrease in its purchases by Egypt, Turkey, and smaller consumers, such as Saudi Arabia, Bangladesh, Nigeria, Indonesia, Sudan, Lebanon, Azerbaijan, etc. The main reason is the decline in Russia's export potential, the lack of clear dynamics for increasing grain export turnover, the high price, non-compliance with phytosanitary requirements, and high yields in other countries.

In the season from July to February 2019/2020 the rate of export of Russian grain lags behind the same period in 2018/2019 - by 6.5 million tons, and foreign analysts have doubts about the technical implementation of this milestone with the planned export value of 47.4 million tons. Thus, the US Department of Agriculture determined the possible volume of grain turnover from Russia at only 34 million tons, which is two-thirds of the stated Russian forecast, focusing on the average monthly grain supplies abroad of less than 2 million tons (January 2020 - 1.9 million tons, February - 1.8 million tons) (KARABUT, 2020). There are several reasons for such a planned, but not progressive dynamics of the logistics flow of grain:

- "overheating" of the domestic market, in which it is more profitable for entrepreneurs to leave grain for trade within the country since, in addition to saving on logistics costs, the domestic price exceeds the world average market price;
- "modest" forecasts of the current season's yield, which slows down the process of grain export with a possibly poor harvest;
- requirements for the quality of the grain, especially wheat. For example, Turkey, which consumes 40% of Russian grain, is not as demanding of quality as other importers – for example, Sudan, the United Arab Emirates, Kenya, Tanzania, South Africa, and Israel, which are more correlated with the price and quality of the purchased raw materials;
- the country's readiness not only for production but also for transshipment of large volumes of grain is also of particular importance, which depends on the development of the logistics infrastructure.

Thus, the strategic partner in the 2019/2020 agricultural year (from September 2019 to July 2020) was Turkey, which increased purchases by a third compared to the previous period. According to various sources, purchases ranged from 7 to 7.6 million tons, which is due to the low yield of products in the country itself. Iran also almost doubled its purchases (+58%), primarily due to barley (4.4 million tons). The sharp increase (+93%) was due to Azerbaijan, which reoriented the demand from Kazakh wheat to Russian wheat. Also, positive dynamics were observed in Bangladesh (due to an increase in wheat purchases of 1.2 times) and Saudi Arabia (+13%).

Several countries, on the contrary, preferred other suppliers from the EU, the USA, and Ukraine. Among them are Egypt (-23%), Yemen (from 1.207 million tons to 531 thousand tons), Nigeria (from 1.427 million tons to 885 thousand tons), and Morocco (from 642 thousand tons to 424 thousand tons). According to experts, this was mainly due to increased competition. The main grain export champions among the Russian regions are the following: Rostov Region, Moscow,
Krasnodar Territory (Fig. 7). From the point of view of the practice of transshipment abroad, Moscow cannot transport grain and is ranked second according to the legal principle - the registration of exporting firms.

**Figure 7. Major regional exporter of the grain market in Russia**

Source: Search data.

Currently, the Russian grain market supplies abroad are carried out by traders and large agribusinesses. Their activities do not always have a positive impact on the prices of the domestic market and can lead to a rise in the price of grain for importers working with them directly. According to various estimates, the share of foreign companies in the Russian grain market ranges from 25 to 40%. Since 2015, some large traders have reduced their presence in Russian trade over fears of sanctions (from 49% in 2015 to approximately 31% in 2020) (KOSTYREV, 2020). Such a distribution of forces, when the Russian grain export market is occupied by a third of foreign traders, can pose a threat to the development of the country’s export potential in the agro-industrial complex.

In Russia, the following multinational companies should be noted: Glencore (MZK), Cargill, Olam (Outspan), Bunge, ADM-Toeppfer (Artis), CHS (Agromarket), Noble (Bonel), Fedcom (Agrofest-Don), Miro Group (CBH). Their activities include not only grain transshipment but also investments in the terminals of the seaports of Azov and Rostov, the river – Volga-Don Canal, which are used for road transshipment to the ports of the Caucasus and Kerch, in the deep-water ports of the Black Sea coast. This is another argument in favor of the existence of a real threat to the implementation of the approved guidelines following the passport of the federal program since the existing international major players can act not only with economic but also with political motives to hinder the development of the export component of the Russian policy in the agricultural market. The following can be distinguished among Russian companies:

- Trading House "Rif" ("Promexpeditsiya"), which built the largest terminal for transshipment on low water in the port of Azov, "Aston" and "South of Russia";
- United Grain Company (UGC), established under the Ministry of Agriculture of Russia. UGC invested in several grain elevators in the south of Russia, and also bought the Novorossiysk Grain Processing Plant;
- Russian Oils (Kernel), which together with Glencore (MZK) owns a new grain terminal in Taman;
- Sodruzhestvo has built a terminal in the Kaliningrad Region;
- Agro-Technic, which supplies to Azerbaijan;
The activities of large traders in the Russian grain market are shown in Fig. 8.

**Figure 8. The share of exporters in the grain market in the season 2018/2019, %**

![Diagram showing the share of exporters in the grain market](image)

**Source:** Search data.

The data show that almost half of the grain is exported by TH "Rif", Glencore (MZK), Aston, and Cargill. In the 2018/2019 season, a new player appeared on the grain market, which has prospects to compete for leadership - VTB. In connection with the growth in the profitability of this sector of the economy, the bank identified it as a priority for itself and began to carry out a sharp expansion.

In 2019, it invested in the Novorossiysk Plant of Grain Products (NPGP) terminal (33.2%), 49% of shares in the UGC (51% is under the jurisdiction of the Ministry of Agriculture of the Russian Federation), completely bought out the Novorossiysk Grain Terminal, 51% of shares in Rustranskom (the owner of the largest grain carrier operator), 75% in one of the largest grain traders - Mirogroup Resources. In March 2020, a deal was made to purchase half of the Grain Terminal Complex (GTC) "Taman" from the Ukrainian grain trader Kernel; the other half belongs to the Swiss trading company Glencore. In the next few years, VTB plans to become the largest player in the grain market. By the end of autumn 2019, VTB became the leader in grain exports on the Black Sea coast, displacing major players - Rif Trading House, Glencore, Steppe agricultural holding, and Aston. For example, at Trading House "Rif", the shipment in this region decreased by about 10 times - to 58,000 tons.

As a result of the acquisition of the assets of the Novorossiysk Grain Terminal, part of the Novorossiysk Bread Products Plant (partly owned by UGC), as well as GTC Taman, VTB has an advantage in transshipment of grain in deep-water ports, since, compared to shallow-water ports, they can receive vessels with large deadweight such as Panamax, which means moving more grain for the same price. One of the reasons for such a non-core policy for the bank is the threat of foreign traders’ influence on the Russian grain market, which was mentioned earlier. A year ago, VTB appealed to the President of the country with the initiative to create a United Grain Holding, which will consolidate Russian grain assets and track possible non-market interventions of players. Although some market participants are afraid of the emergence of a large monopolist.

This activity is a large-scale investment project in 2019, in which VTB's banking assets that were temporarily sanctioned abroad were diversified into investment assets, although more troublesome, but strategically important for any country and not preventing VTB from operating in Russia as a major participant not only in grain trading but also in the entire logistics infrastructure in this segment. The concerns of other players about possible monopolization
were answered relatively recently in the form of a new deal about the sale of approximately half of VTB’s grain assets to new corporate partners – Agronova JSC and Maraton Group investment company. In April 2020, Demetra-Holding, a subsidiary of VTB Group and company dealing with grain, made a deal, according to which 25% goes to the company and 24.99% (almost the same) to the Maraton Group. That is, exactly half of the grain assets were transferred to the new partner, which indicates the intention of the bank (and, therefore, the state) to create a coalition of strong and, most importantly, professional partners, which will contribute to the development of Russia’s export potential in the grain market.

The results of the main grain companies in the agricultural year ended confirmed the traditional leadership of TH “RIF”, with a result of 5.352 million tons of grain for export and the company “Mirogroup Resources” – 3.715 million tons. The third place went to the Rostov agricultural holding “Aston” with a volume of 2.951 million tons. The division of the foreign trader Glencore Agro MZK closes the top five with a result of 2.91 million tons and UGC – 2.6 million tons of grain.

DISCUSSION OF RESULTS

The analysis made it possible to identify several features of the functioning of the Russian grain complex. Among the advantages, it is worth highlighting the high resource potential of the country’s grain complex, established business contacts. Despite the apparent loss of positions, Russia holds about half of the world’s grain exports (primarily wheat). The high quality of grain makes it competitive, and the availability of a variety of logistics routes simplifies the process of moving them to almost anywhere in the world. The recognition of the strategic importance of grain for Russia and its trading partners is reflected in the large-scale strategy of modernization of the grain logistics system.

It is necessary to highlight the high cost of grain among the negative trends, which reduces the competitive advantages in the world market and leads to a loss in international tenders. Speculative growth of domestic grain prices, fueled by the state’s policy in the field of grain purchases for its own needs and the use of quotas, reduces the importance of market forces. The weakening of the ruble exchange rate for the main exported crops such as wheat and rye, especially in the European part of the production, encourages both producers and intermediaries to set the price of grain, considering its export level.

Low technical capabilities of the logistics infrastructure of the grain market hinder the implementation of large-scale projects to increase the volume of foreign trade and require serious investment. Since the market itself is under the supervision of the relevant authorities, which conduct a restrictive policy for foreign grain traders, the incoming investment volumes from the state budget and domestic investors do not allow quickly solving the identified problems. Therefore, the agribusiness development strategy adopted in 2018 is not a universal tool that will allow achieving quick results in the grain market. The lack of a stable position of Russia in this market is also important. To a greater extent, the country’s priority is achieved either against the background of a negative impact on the yield of natural and climatic conditions or considering other non-economic factors that weaken the position of large exporters in this area. For example, grain supplies (primarily corn) to Iran were increased due to a sharp decline in exports from Ukraine, for which Iran is an important destination. Also, the dynamics of prices for Russian export grain do not always lead to Russia’s successful participation in grain tenders, as a result of which contracts go to countries with more loyal price positions.

CONCLUSION

Thus, modern economic relations are impossible without active cooperation between countries on the issues of mutual exchange of goods, works, and services to maintain the necessary level of life support. The agro-industrial complex is a significant area of policy decisions for most countries that do not have enough agricultural land. In this regard, the logistics system of grain supply as the central link of the state’s food security attracts the attention of both exporting countries and those who actively purchase grain for their own needs.
Russia traditionally maintains a high level for the gross collection and export of these products, reasonably distributing the received grain for its own needs and within the framework of concluded interstate agreements. However, the low degree of regulation of grain supply chains, an artificial slowdown in the development of foreign trade with this product due to quotas, and the containment of large international grain traders against the background of the problems described above, call into question the implementation of the long-term development strategy of the Russian grain complex.

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Modern aspects of Russia's foreign trade policy and its export potential in the grain market

Aspectos modernos de la política de comercio exterior de Rusia y su potencial de exportación en el mercado de cereales

Resumo
É realizado um estudo para entender o potencial de comércio exterior do complexo de grãos do país, considerando o cumprimento dos requisitos de segurança alimentar e o desenvolvimento da cooperação no comércio exterior. A análise do sistema de regulação legal das exportações e importações de grãos, o apoio estatal não só aos exportadores, mas também aos intermediários ao longo de toda a rota logística, e a investigação das oportunidades potenciais do mercado de grãos e os rumos para o desenvolvimento dos grãos política. O artigo revela contradições no sistema de preços no mercado russo de cereais, uma vez que se determina a estreita dependência dos preços domésticos dos principais cereais (trigo, cevada, arroz) em seu valor no mercado internacional. Destaca-se a importância da política de apoio não só aos produtores de grãos, mas também ao setor de transporte e logística, terminais e armazéns para ampliar a capacidade de transbordo do negócio de comercialização de grãos.

Palavras-chave: Complexo agroindustrial. Infraestrutura logística. Cadeias logísticas. Economia mundial. Volatilidade.

Abstract
A comprehensive study of the foreign trade potential of the country’s grain complex is conducted, considering compliance with the requirements of food security and the development of foreign trade cooperation. Analysis of the system of legal regulation of grain exports and imports, state support not only for exporters but also for intermediaries along the entire logistics route, and research of the potential opportunities of the grain market and directions for the development of grain policy, considering the existing problems allow the authors to conclude that this area is a priority for the Russian economy. This determines the relevance of the study. The article reveals contradictions in the pricing system on the Russian grain market since the close dependence of domestic prices for major cereals (wheat, barley, rice) on their value in the international market is determined. The importance of the policy of supporting not only grain producers but also the transport and logistics sector, terminals, and warehouses for expanding the transshipment capacity of the grain trade business is highlighted.

Keywords: Agro-industrial complex. Logistcs infrastructure. Logistics chains. World economy. Volatility.

Resumen
Se realiza un estudio de comprensión del potencial de comercio exterior del complejo de granos del país, considerando el cumplimiento de los requisitos de seguridad alimentaria y el desarrollo de la cooperación en materia de comercio exterior. El análisis del sistema de regulación legal de las exportaciones e importaciones de granos, el apoyo estatal no sólo a los exportadores sino también a los intermediarios a lo largo de toda la ruta logística, y la investigación de las oportunidades potenciales del mercado de granos y las direcciones para el desarrollo de la política de granos. El artículo revela contradicciones en el sistema de precios en el mercado ruso de cereales, ya que se determina la estrecha dependencia de los precios internos de los principales cereales (trigo, cebada, arroz) de su valor en el mercado internacional. Se destaca la importancia de la política de apoyo no sólo a los productores de granos, sino también al sector de transporte y logística, terminales y almacenes para ampliar la capacidad de transbordo del negocio de comercio de granos.

Palabras-clave: Complejo agroindustrial. Infraestructura logística. Cadenas logísticas. Economía mundial. Volatilidad.