Regional structural export diversification

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Abstract. The article presents the study of the foreign economic activity development in a region on the example of Krasnoyarsk Krai. The export analysis of Krasnoyarsk Territory, containing the analysis of foreign trade results, major trading partners and the commodity structure of exports was carried out. It shows trends in the foreign economic relations development in the region. The most important directions of regional export diversification are determined.

1. Introduction

The priorities changing in conditions of the growing influence of world economic relations on the social and economic development in Russia as one of priority tasks is to increase the efficiency of foreign trade, attract foreign investment, and ensure Russia's overall competitiveness in the interdependent world economy. Having estimated the results of the past decade, it can be stated that international and foreign economic relations of the regions have become an important component of cooperation between Russia and foreign countries. Such a type of cooperation contributes to the formation of the positive image of Russia and, ultimately, a more successful integration into the world economy. The investigation and implementation of the directions and methods of reasonable, consistent and efficient use of foreign economic relations is an urgent scientific and practical problem.

2. Prerequisites of the development

At the present stage of the development of foreign economic activity, the prerequisites are defined.

First, foreign economic activity turned out to be more prepared for the transition to market relations, although the distribution system has left a deep impact in this sphere. For businessmen, their participation in the development of foreign economic relations is a kind of school of experience and application of the market economy regulations in the Russian market formation.

Secondly, the destruction of economic relations, the loss of traditional consumers and the insolvency of many Russian consumers increase the importance of the export relations development. It allows businessmen to maintain manufacturing, employment, tax base, etc.

Thirdly, the generation of a favorable social and economic environment depends on the ability of the subjects of the Federation to reproduce and attract financial resources to their region, which, in turn, in modern conditions is determined by the development level of foreign economic relations, their scale, stability and efficiency.
3. Foreign economic relations in Krasnoyarsk Krai

The abandonment of the state monopoly of foreign trade led to the generation of a completely new situation. Subjects of the Federation can really influence on the intensification of the foreign economic relations development and derive gain the benefits from this for economic and social development. [1]

Krasnoyarsk Krai is an active participant in interregional, foreign economic and international activities. The growing role of the regional factor in the social and economic development of Russia sets the task of developing effective mechanisms for influencing the development of foreign economic activity in regions of the country, including Krasnoyarsk Krai.

Krasnoyarsk Krai is the second largest subject of the Russian Federation. It occupies almost a seventh of the country and covers an area of 2,339,700 square kilometers. Krasnoyarsk Krai is the largest region of the Siberian Federal District. In the east, the region borders on the Sakha Republic (Yakutia) and Irkutsk Oblast. In the south it borders the Tuva republics and the Republic of Khakassia, in the west it borders Kemerovo, Tomsk Oblasts, as well as Khanty-Mansiysk and Yamalo-Nenets Autonomous Okrugs.

Krasnoyarsk Krai is a unique Siberian region located in the center of Russia along the most full-flowing Russian Yenisei River. Natural reserves, powerful and competitive industrial potential are factors for rapid economic growth and the components of the region’s high investment attractiveness. [2]

In general, the analysis of foreign trade is a priority in the analysis of foreign economic activity of both a country and region. The exchange of goods, services, and capital ensures the intensification and modernization of manufacturing, and the increase in the efficiency of resources application. The distribution of export-import relations in regions has a significant impact on the foreign trade activity of the country as a whole. Therefore, a problem of foreign economic activity in Krasnoyarsk Krai as a region that holds leading positions in export-import in Siberia is being actualized. [3]

It is advisable to reflect the volume of exports and imports, their structure according to commodities and trading partners, and the volume of foreign trade turnover for the analysis of the foreign economic activity in the region. In 2017, 1006 participants in foreign economic activity (hereinafter referred to as FEA) registered with the tax authorities of Krasnoyarsk Krai, including 502 participants in foreign economic activity and 605 participants in foreign economic activity, registered in the customs authorities of the Russian Federation.

Table 1. Results of foreign trade in Krasnoyarsk Krai for the period of 2017-18 [4].

| Indicators          | 2017                      | 2018                      | 2018 in % by 2017 |
|---------------------|---------------------------|---------------------------|-------------------|
|                     | Cost, thousand dollars    | Ratio, %                  | Cost, thousand dollars | Ratio, % |
| Total turnover, including: | 6025870,7                 | 100                       | 7259671,1          | 100      | 120.5  |
| foreign countries   | 5697491,2                 | 94.6                      | 6903139,7          | 95.1     | 121.5  |
| CIS countries       | 328379,5                  | 5.4                       | 356531,4           | 4.9      | 108.6  |
| Export, including:  | 4790294,7                 | 79.5                      | 6049814,6          | 83.3     | 126.6  |
| foreign countries   | 4661229,8                 | 97.3                      | 5923511,8          | 97.9     | 127.1  |
| CIS countries       | 129064,9                  | 2.7                       | 126302,8           | 2.1      | 97.1   |
| Import, including:  | 1235576                   | 20.5                      | 1209856,5          | 16.7     | 97.9   |
| foreign countries   | 1036261,4                 | 83.9                      | 979627,9           | 81       | 94.5   |
| CIS countries       | 199314,6                  | 16.1                      | 230228,6           | 19       | 115.5  |
The foreign trade surplus increased by 36.2% and amounted to $4,840.0 million. Foreign trade operations were carried out with partners from 115 countries of foreign countries and CIS countries (in 2017 they were from 105 countries). The trade with foreign countries provided 95.1% of the value of goods turnover, it was 4.9% with CIS countries (in 2017 - 94.6% and 5.4%, respectively). In comparison with 2018, trade with foreign countries increased by 21.2% and amounted to 6,903.1 million dollars. And it increased by 8.6% with CIS countries and amounted to 356.5 million dollars.

In 2018, goods were exported to 92 countries of the world (in 2017 - to 88 countries). The ratio of foreign countries and CIS countries in the total value of export operations amounted to 97.9% and 2.1%, respectively (in 2017 - 97.3% and 2.7%). In comparison to 2017, the value of exports of commodities to foreign countries increased by 27.1%, and to CIS countries it decreased by 2.1% and amounted to $5,923.5 million and $126.3 million, respectively [5].

The economy of Krasnoyarsk Krai is based on industrial production, as well as the mining industry, since the region has huge natural resources. According to the Federal State Statistics Service, Krasnoyarsk Krai ranks tenth in terms of gross regional product, while this position is provided by such industries as non-ferrous metallurgy, chemical industry, electric power industry, and forestry. The most important industries of the region have weight not only at the national, but also at the global level, ensuring its high position in terms of trade with foreign counterparties.

In 2018 metals accounted for the largest share in the export of the region, almost 66.8%, shares of other exported commodities were insignificant in total exports, for example, a share of timber was 11%, a share of minerals was 9.4%, a share of chemical industry products was 7.7% [6].

Nowadays, export of agricultural products is one of the important directions of Russian exports diversification in general. Mainly agricultural raw materials are exported from Russia such as grain, fish products, fats and oils. But finished product is not practically represented in the largest world markets.
due to low competitiveness. However, a lot of Russian manufacturers are heading for the value addition within the country, in order to extract more profit. The main importer of Russian products is China [7].

According to Rosstat, the volume of agricultural production in Russia in 2017, taking into account the refinement of data on the production of certain types of agricultural products, increased by 2.4% compared to the previous year and reached 5 trillion and 098 billion rubles. In general, the increased competitiveness of domestic producers against the backdrop of the ruble devaluation, development of export potential and government support for the industry contribute to the growth of the food industry. At the same time, the strengthening of the ruble and a decrease in government support may have a negative impact on the further development of the industry.

The growing volumes of Russian food exports support the industry and reduce the negative impact of the decreased domestic food consumption. An important factor in the food industry development was the growth of production capacities due to the construction of new enterprises and the reconstruction of existing ones. According to INFOLine, the largest number of investment projects are implemented in the production of drinks and ingredients, flour and bakery industry, and in the meat processing industry. [8]

The serious improvements were achieved in agricultural sectors in Krasnoyarsk Krai according to media reports for 2017. According to data published at the Siberian Agro-Industrial Forum 2017, Krasnoyarsk Krai is among the leading regions of Russia in terms of the growth and development in agriculture.

Taking into account the peculiarities of the agricultural production structure, the main prospect in the development of foreign trade can be identified as an increase in exports of not only agricultural raw materials, but also an expanded assortment of products based on it. This in turn will allow the development of processing enterprises for processing agricultural raw materials. It will significantly increase employment, tax base, increase regional exports through the development of new markets, and strengthen the geopolitical influence of the Russian Federation in Asian countries. The strategic development of the agricultural sector in the Russian regions should be focused on deep processing of raw materials, improving the quality of products in accordance with the requirements of foreign markets [9].

4. Conclusion

It is necessary to determine measures to support the sale of agricultural products to foreign markets in order to diversify the region’s exports structurally.

To add measures:

- higher educational institutions that train personnel in economic and foreign trade specialties should develop special training programs for training specialists in working with food exporters and in promoting agricultural and food products to foreign markets;
- industry scientific organizations should develop criteria for the agricultural and food products falsification, as well as methods for their identification;
- to introduce subsidizing a portion of the production costs for export-oriented agricultural products, including the state support for the development, manufacturing, transportation and certification of its new types;
- to work out the possibility of applying the practice of forming export associations (cooperatives) to ensure the agricultural and food products export, as well as to prepare proposals on methods for increasing exports;
- to develop and adopt regional programs to stimulate the export of agricultural and food products;
- to pay special attention to the preparation and implementation of measures to counter the circulation of falsified food products in the territories of constituent subjects of the Russian Federation, including the prevention of such violations by working with the business community and consumers, coordinating the activities of control and oversight bodies,
developing various forms of public control and reporting on the results of such control in mass media.

The proposed measures to enhance the export of the region will allow:

- reduce the costs associated with the production and sale of the final product for export;
- rational use of economic resources;
- strengthen competitive position abroad;
- reduce financial risk;
- align economic conditions through the mechanism of income redistribution;
- apply advanced technologies [9].

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