
Analysis of Volume, Structure and Dynamics of Russian Foreign Trade Under Conditions of Globalization

Polyakova I.A.¹, Goncharova L.V.¹, Cheremina V.B.¹, Fedotova E.A.¹

Abstract:

Trends in the development of world economic relations show the processes of globalization and integration which predetermine the need for Russia to shift to a new stage of social development – the global information space against macroeconomic jolts and the sanctions regime. Russian involvement in the system of world economic relations, whose important part is world trade, requires overcoming structural deformation and to upgrade the economy.

The topic of the article is relevant due to the significant impact of external factors on the development of the economy and social sphere of Russia as an independent and important participant in world economic relations in the global space. Due to unique natural resources, production and labour potential the country in terms of globalization has prerequisites for the active participation in international division of labour. However, new economic conditions and low prices of energy sources create the need for eliminating the imbalance in the domestic economy, accumulating import substitution process and restructuring export-import operations.

The article underlines the great significance and relevance of modern reliable information resources. They allow to receive the complex information picture of implemented globalization processes within separate countries and regions. Authors made the economic-statistical analysis of the dynamics and structure of Russian foreign economic activity within the system of world economic relations. They received benchmark assessment of structural-dynamic changes in export and import pattern on main groups of partner countries and considered alternative future export volume and structure of Russia till 2030.

Keywords: *Integration, statistics, analysis, structure, dynamics*

JEL Classification Codes : *C40, C53, F20, F29*

¹ Polyakova Irina Abramovna, PhD in Economics, professor of department of socio-economic regional statistics, Rostov State University of Economics (RINH), Russian Federation, corresponding author, migran@rambler.ru

¹ Goncharova Ludmila Vladimirovna, PhD in Economics, associate professor of department of economic analysis and forecasting, Rostov State University of Economics (RINH), Russian Federation

¹ Cheremina Victoria Borisovna, senior teacher of department of foreign languages for economic specialties, Rostov State University of Economics (RINH), Russian Federation

¹ Fedotova Ella Alexandrovna, senior teacher of department of math statistics, econometrics and actuarial calculations, Rostov State University of Economics (RINH), Russian Federation

1. Introduction

The development of globalization processes and world links integration proves the need for working out and implementing strategic plans of Russian foreign economic activity in selecting the specialization and forming long-term competitive advantages. Foreign policy of Russia is oriented on realizing its competitive advantages and encouraging the types of economic activities based on the innovative development model. Foreign trade as an important segment of foreign policy has a significant influence on the budget and, consequently, the condition of the economy.

According to new macroeconomic conditions Russia strengthens its export base by its restructuring in order to improve the competitiveness of Russian products on world markets within the terms of globalization. It extends international relations with economic, customs, trade and financial organizations: Commonwealth of Independent States (CIS), Eurasian Economic Community (EurAsEC), World Trade Organization (WTO), the UN Conference on trade and development (UNCTAD), UNCTAD World Trade Centre, Asia-Pacific Economic Cooperation (APEC), group of five including Russia (BRICS).

Thus, all mentioned above provides the relevance of studying the development trends of Russian foreign trade considering globalization and modern geopolitics.

2. Theoretical grounds for the research

Historically international trade is the first and more developed form of international economic relations. Trade became a powerful incentive for economic growth in many countries. In practice, the countries in which the trade, especially export trade, developed fast have much higher rate of economic growth.

Structural changes in social life under the influence of scientific and innovative activities, specialization and cooperation under globalization enhance the interaction of national economies (Thalassinos and Liapis, 2014; Thalassinos and Dafnos, 2015). As a result, it promotes international trade that has a few features:

- ✓ changes in the structure of energy balance of developed industrial countries and expansion of their foreign trade exchange; the increase in consuming oil products; increase in the rate of industrial, transport and energy construction in developing countries;
- ✓ changes in geographical distribution of world trade – the increase in the share of developing countries in the volume of world trade turnover;
- ✓ changes in export structure speeding up the process of international division of labor and the growth of high technology product exchange;
- ✓ the emergence of new economic activities and productions that promotes the increase in the dependence of many countries on importing some kinds of raw materials, especially nonferrous metals, oil, gas and others.

The foreign trade of Russia has its own features. The main item in the structure of commodity export is the supply of fuel and energy resources (Dzhukha *et al.*, 2017; Zobov *et al.*, 2017; Kovalenko *et al.*, 2016; Filatova, 2016). Moreover, there is an increase in exporting mineral fertilizers, pulp, chemical products, equipment for energy and extractive kinds of activities, the presence of cheap and qualified labour force as the base of assembly operations from imported components oriented to foreign and domestic markets, export of high technology products based on conversion production.

In the second half of the XX and the beginning of the XXI centuries there also occurred structural-dynamic changes in world trade and consequently new phenomena in its international arrangement, particularly, “regionalism” – agreements on the close collaboration between separate countries like free trade areas or customs unions. There were about 100 interstate groupings in the beginning of the XXI century. According to the estimate of World Bank a half of world trade was realized within such areas.

In the beginning of the XXI century the leading participants in world trade are still the countries whose export accounts for approximately 65% of world export and 68% of world import. World leading exporters are Germany, the USA, Japan, China and France. Furthermore, the USA, Germany, China, France and Great Britain prevail in world import of goods.

The efficient integration of Russia into the system of global world economic relations requires to overcome definite structural deformation in the country and to modernize its economy in technological sphere.

3. Results

After the introduction of sanctions Russia had to revise several directions of social development. Therefore, it pays a great attention to the information provision of priority spheres, the analysis of the foreign trade efficiency of the country and its regions, the assessment of export-import structure, the analysis of the dynamics of foreign trade flows.

We analyzed 2 periods – year 2010 and 2014 because in 2010 Russian economy showed the positive dynamics in most social-and-economic indicators as the evidence of the recovery from 2008 crisis, and 2014 was a new stage specified by the introduction of sanctions, import substitution and significant fluctuation of foreign currencies.

Table 1 presents the dynamics of export structure of Russia overall, export into CIS countries and non-CIS countries.

Table 1. Dynamics of export structure of Russia (%)

Indicators	Total export		Export into CIS countries		Export into non-CIS countries	
	2010	2014	2010	2014	2010	2014
Total export, including	100	100	100	100	100	100
Food products and agricultural raw materials	2,2	3,8	4,6	8	1,8	3,2
Mineral products	68,5	70,5	50,7	45,5	71,6	74,1
Product of chemical industry, rubber	6,2	5,9	8,1	11,1	5,8	5,1
Rawhide, furs and its products	0,1	0,1	0,1	0,1	0,1	0,1
Wood and pulp and paper products	2,4	2,3	3	4,1	2,3	2,1
Textile, textile products and footwear	0,2	0,2	0,9	1,2	0,1	0,1
Metals, precious stones and products	12,7	10,6	9,6	10,7	13,2	10,6
Machinery, equipment and vehicles	5,4	5,3	11,6	16,3	4,3	3,7
others	2,3	1,3	11,4	3	0,8	1

Source: Official website of Federal State Statistics Service of Russia [Electronic resource] – www.gks.ru

The structure of Russian foreign trade turnover shows the dependence on the export of mineral-raw materials whose share accounted for 70.5% in 2014. This proves the influence of fluctuations of foreign economic conditions on the economic development, particularly the dynamics of oil price.

The commodity import into Russia is of more diversified character. However, engineering products prevail in its structure – approximately 45-48% which vastly satisfies the domestic demand for high tech equipment at some extent (table 2). It should be noted that this commodity group fell mostly under sanctions. Nevertheless, negative trends connected with producing engineering goods appeared before worsening geopolitical environment. In the domestic consumption, the share of Russian machine production fell from 19% in 2008 to 8% in 2012 and continues to go down.

Table 2. Dynamics of import structure of Russia (%)

Indicators	Total import		Import from CIS countries		Import from non-CIS countries	
	2010	2014	2010	2014	2010	2014

Total import, including:	100	100	100	100	100	100
Food products and agricultural raw materials	15,9	13,9	19,4	17,5	15,3	13,4
Mineral products	2,3	2,5	10,4	15,8	1	0,9
Product of chemical industry, rubber	16,1	16,2	8,9	11,8	17,3	16,8
Rawhide, furs and its products	0,5	0,4	0,1	0,1	0,6	0,5
Wood and pulp and paper products	2,6	2,1	3,2	3,4	2,5	1,9
Textile, textile products and footwear	6,2	5,7	5,7	5,1	6,3	5,8
Metals, precious stones and products	7,3	7,1	14,1	15,8	6,2	6
Machinery, equipment and vehicles	44,4	47,6	28,7	25,3	47	50,5
others	4,7	4,5	9,5	5,2	3,8	4,2

Source: Official website of Federal State Statistics Service of Russia [Electronic resource] – www.gks.ru

Thus, current structural misbalances have a negative influence on the economic development, and first real sectors of production. Many economists think the policy of import substitution suggesting the investment in innovative businesses will lead to the decrease of the dependence on import in different industries from initially 70-90% to 50-60% by 2020².

Some specialists suppose the process of import substitution should be implemented firstly in the following kinds of activity: machine-tool manufacture, heavy engineering, consumer goods, and electronic, pharmaceutical and medical industries³.

The statistical practice shows that on the base of calculating the indicators of structural disparities one can observe the trends emerging in the foreign economic activity of Russia and define mid-term and long-term perspectives of realizing the processes of import substitution.

The analysis and assessment of structural changes which are the features of export-import operations of Russia is based on the methodology of assessing integral indicators of structural changes. During the research, we use ratio of structural disparities, Scalai index and Ryabtsev index. The choice of indicators is stipulated by the fact that they are the most perfect integral indicators allowing to obtain the assessment of significance degree of disparities of two structures.

² www.lenta.ru

³ www.lenta.ru

Table 3 shows the results of the calculations of generalized estimates of structural-dynamic disparities of export-import structure of Russia. According to most indicators one observes low level of disparities of the compared structures. On indicators “Export structure in total” and “Commodity structure of export into non-CIS countries” Ryabtsev index showed the identity of structures while one indicator “Commodity structure of export into CIS countries” showed considerable differences in the analyzed structures in 2010 and 2014. Structural-dynamic changes in export-import structure on CIS-countries were of more discernable character than the similar changes on non-CIS countries.

Table 3. *Generalized estimates of structural-dynamic disparities of export-import structure of Russia in 2010 and 2014*

№ п/ п	Indicators	Integral indicators of structural changes : value/ characteristics					
		Integral ratio of structural disparities, K_{II}	Level of structural disparities	Scalai Index, I_c	Level of structural disparities	Ryabtsev index, I_R	Level of structural disparities
1.	Commodity export structure of the RF	0,035	Very low level of disparities	0,132	Low level of disparities	0,024	Identity of structures
2.	Commodity structure of RF export into CIS countries	0,158	High level of disparities	0,239	High level of disparities	0,113	Low level of disparities
3.	Commodity structure of RF export into non-CIS countries	0,038	Very low level of disparities	0,113	Low level of disparities	0,027	Identity of structures
4.	Commodity import structure of the RF	0,052	Very low level of disparities	0,061	Very low level of disparities	0,037	Very low level of disparities
5.	Commodity structure of RF import from CIS countries	0,149	Low level of disparities	0,134	Low level of disparities	0,106	Low level of disparities
6.	Commodity structure of RF import from non-CIS countries	0,053	Very low level of disparities	0,067	Very low level of disparities	0,038	Very low level of disparities

Source: designed and calculated by the authors

In general, during 2014 and 2015 we observe the decrease in the volume of Russian foreign trade in comparison to most of the countries. Nevertheless, ruble depreciation which led to the decrease of consumer purchasing power influences the increase in exporting non-raw materials from Russia to some extent.

4. Conclusion

Considering the economic market conditions, the Ministry of economic development worked out “Main directions of export development for the period till 2030” within the frames of roadmap “The support of the access to the markets of foreign countries and export support”. The aim of the document is to ensure “the formation and efficient practical realization of resource-innovative model of Russian export specialization”. The management using modern information provision of foreign economic activity and its analysis forecasts the increase in the volume of non-raw material export, supply of the goods with higher degree of processing, especially technically and technologically complicated products.

The plan of Ministry of economic development suggests two alternative ways of developing export relations: basic and optimistic. If there is a basic scenario the total export volume is planned to increase by 2,2-2,4 times, non-raw materials – by 1,4-1,45 times, a quantity of exporters-organizations –thrice. The quantity of exporters-companies is planned to increase by 4 times.

In general, The Government of Russia suggests perspectives of Russian non-raw material export are optimistic enough – there is the forecast concerning the increase in foreign trade both of separate goods and concerning separate countries.

References:

- Chernysheva, Yu.G., Usenko, L.N., Guzey, V. A., Todorova O.M. 2016. Problems and Perspectives of Cluster Formation in View of Sustainability of Development of Regional Business Structures of the Russian Federation. *International Journal of Trade and Global Markets, Special Issue “Clusters and Innovational Networks in the Context of Sustainable Development”*.
- Dmitrishina, E.V. and Uskov, A.D. 2015. The Issues of Covering Science and Technical Policy of Modern Russia in the Strategic Planning Documents. *European Research Studies Journal*, 18 (4), 57 -74.
- Dzhukha, M.V., Kokin, N.A., Li, S.A., Sinyuk, Yu.T. 2017. Research and Development Intensity in Business: Russia and EU. *European Research Studies Journal*, 20(1), 64-76.
- Egger, H., Kreckemeier, U. 2009. Redistributing Gains from Globalization. *The Scandinavian Journal of Economics*, 4, 765–788.
- Fernandes de Oliveira, M., Klaus Luvizotto, C. 2011. International technical cooperation: Theoretical frameworks. *Revista Brasileira de Politica Internacional*, 54(2), Brasilia.
- Filatova, G.N. 2016. Effective State Ownership Administration in the Context of the Privatization Process in Russia. *European Research Studies Journal*, 19(4), 166-183.
- Kovalenko, E.G., Yakimova, Y.O., Avtaykina V.E. and Zaytseva, O.O. 2016. Problems and Mechanisms of Sustainable Development of Rural Areas (at the example of the Republic of Mordovia). *European Research Studies Journal*, 19(3) Part A, 110-122.
- Marinello, V. 2015. Analysis of the 2015 economic and financial document according to innovations introduced by ESA 2010. *Italian Review of Economics, Demography and Statistics*, 69(3), 49-60.
- Official website of Federal State Statistics Service of Russia – www.gks.ru

- Thalassinos, I.E. and Liapis K. 2014. Segmental financial reporting and the internationalization of the banking sector. Chapter book in, *Risk Management: Strategies for Economic Development and Challenges in the Financial System*,(eds), D. Milos Sprcic, Nova Publishers, 221-255.
- Thalassinos, I.E. and Dafnos, G. 2015. EMU and the process of European integration: Southern Europe's economic challenges and the need for revisiting EMU's institutional framework. Chapter book in *Societies in Transition: Economic, Political and Security Transformations in Contemporary Europe*, 15-37, Springer International Publishing, DOI: 10.1007/978-3-319-13814-5_2.
- Zobov, M.A., Degtereva, A.E., Chernova, Yu.V., Starostin, S.V. 2017. Comparative Analysis of the Best Practices in the Economic Policy of Import Substitution. *European Research Studies Journal*, 20(2A), 507-520.