

Issues of improving the commodity structure of Russian imports

V.L. Seltsovsky

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Recently the role of international commerce in the economic development of our country has significantly increased. In 2012, external turnover of the Russian Federation, according to the data of customs statistics, almost achieved the value of 1 billion, at this export was equal to USD 524.4 billion and import – USD 314.2 billion. Due to the inflows from the foreign economic activity 40% of the budget income is formed. In relation to the Russian import it is not optimal and effective enough.

The structure of imported commodities is mostly stable, though one can note that the share of machinery and equipment has increased for the last years, and the share of food and chemical industry commodities decreased.

In 2012, import of machinery and equipment achieved USD 157.5 billion. However, non-food commodities – household equipment and electrical goods, passenger cars, etc. – prevail in the structure of this article. If the USSR was a large net-exporter of passenger cars, Russia turned into its net-importer: in 2012, over 1 million of cars for the amount of USD 20.2 billion was imported, and only 150 thousand items for the amount of USD 984.4 million was sold abroad. At this import of commodities of this group grows in a snowballing progression: in 2012 in comparison to 2000 the appropriate value increased 14 times in size, and in 44 times in cost. As a result, about 90% of the Russian internal market of passenger cars was occupied by foreign suppliers (e.g. VAZ was forced to reduce its production program due to sales difficulties).

Still the share of food products and raw materials for their production is large in the Russian import: in 2012, 13% of import came from non-CIS countries. Although the share of food products in import has reduced recently, its cost in 2012 in comparison to 2000 has increased 6.7 times, and equals to USD 35.3 billion. Such position is conditioned both by unsatisfactory state of the Russian agriculture and absence of the deliberate policy aimed at development of this sector.

For the last years the volumes of food commodities import from non-CIS countries have been significantly higher than procurements from the CIS countries (see tables 1, 2). This

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can be explained by the reduction of competitive ability of food products of the former union republics both in terms of quality and prices. Fresh-frozen meat, poultry and butter imported from the CIS countries were more expensive than those supplied from non-CIS countries by 40% in average.

Table 1

Commodity structure of the Russian Federation import from non-CIS countries at current prices

Commodity group	1990		1995		1999		2000		2005		2007		2012	
	Billion USD	As % of total												
Import - total	81.8	100.0	33.1	100.0	21.9	100.0	22.3	100.0	79.7	100.0	169.9	100.0	272.5	100.0
including:														
Machinery, equipment and vehicles	36.3	44.3	12.8	38.6	7.9	36.2	8.1	36.3	38.4	48.2	92.3	54.3	141.8	52.0
Mineral products	2.4	2.9	1.0	3.0	0.4	2.0	0.4	1.7	0.7	0.9	1.6	0.9	2.8	1.0
Metals, precious stones and products made of them	4.4	5.4	1.7	5.1	1.1	5.3	1.1	5.0	4.3	5.4	10.1	5.9	15.9	5.8
Chemical industry products	8.9	10.9	3.9	11.4	3.7	16.8	4.6	20.7	14.2	17.9	24.5	14.4	43.9	16.1
Wood, pulp and paper	0.9	1.1	1.0	3.0	0.9	3.9	1.0	4.5	2.7	3.4	4.4	2.6	5.0	1.8
Textile, textile products and footwear	7.6	9.3	1.6	4.8	0.7	3.2	0.9	3.9	2.6	3.3	7.2	4.3	14.8	5.4



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Commodity group	1990		1995		1999		2000		2005		2007		2012	
	Billion USD	As % of total												
Leather raw materials, fur and products made of them	0.8	1.0	0.1	0.3	0.1	0.2	0.1	0.3	0.3	0.3	0.6	0.4	1.5	0.6
Food products and agricultural raw materials	16.6	20.3	9.6	29.3	6.3	28.8	5.3	23.8	13.6	17.0	23.3	13.7	35.5	13.0

Sources: Russian statistical annals. 1998, 2002, 2005. Russia in numbers. 2002, 2003, 2005. Customs statistics of international commerce of the Russian Federation 2002, 2005, 2006, 2007, 2012.

Table 2

Commodity structure of the Russian Federation import from the CIS countries at current prices

Commodity group	1990		1995		1999		2000		2005		2007		2012	
	Billion USD	As % of total												
Import - total	10.3	100.0	13.6	100.0	8.4	100.0	11.6	100.0	19.0	100.0	29.8	100.0	41.6	100.0
including:														
Machinery, equipment and vehicles	3.0	28.6	2.9	21.9	2.1	25.5	2.6	22.1	5.0	26.4	9.5	31.9	15.7	37.8
Mineral products	1.7	16.5	2.0	15.0	0.8	9.2	1.7	15.1	2.3	12.1	3.1	10.4	4.6	11.0
Metals, precious stones and products made of them	1.5	14.4	2.3	16.5	1.1	12.9	1.7	14.8	3.4	17.7	6.3	21.1	6.8	16.4
Chemical industry products, resin	0.7	7.1	1.3	9.6	1.2	14.2	1.5	12.6	2.0	10.7	3.0	10.2	4.0	9.7

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Commodity group	1990		1995		1999		2000		2005		2007		2012	
	Billion USD	As % of total	Billion USD	As % of total	Billion USD	As % of total	Billion USD		Billion USD	As % of total	Billion USD	As % of total	Billion USD	As % of total
Wood, pulp and paper	0.1	0.8	0.1	0.8	0.2	2.6	0.3	2.6	0.6	3.0	0.9	3.0	1.1	2.7
Textile, textile products and footwear	0.9	8.7	1.1	4.8	0.9	10.6	1.1	9.8	1.0	5.4	1.4	4.7	2.8	6.8
Leather raw materials, fur and products made of them	0.0	0.3	0.0	0.3	0.0	0.4	0.0	0.4	0.0	0.2	0.0	0.1	0.1	0.2
Food products and agricultural raw materials	2.1	20.1	3.5	25.3	1.8	21.0	2.1	17.9	3.9	20.4	4.3	14.4	4.9	11.8

Sources: Russian statistical annals. 1998, 2002, 2005. Russia in numbers. 2002, 2003, 2005. Customs statistics of international commerce of the Russian Federation 2002, 2005, 2006, 2007, 2012.

The third line in order of importance in the Russian import from non-CIS countries are products of chemical industry. Household cleaning products, perfumery and cosmetics, pharmaceutical goods are the primary positions of this commodity group. In 2012 in comparison to 2001 import of medicines (from over 50 countries) increased 11.7 times (USD 13.4 billion). The import share in consumption of medicines reaches almost 70%. In comparison to other essential commodities import of pharmaceutical goods is of primary importance, because a lot of drugs are essential for patients. Thus, import replacement policy for this group of goods shall be based not on mechanical restriction of import, but, first of all, on assistance of the internal production development with the active attraction of direct foreign investments.

Machinery and equipment (37.8%) and metals and products made of them (16.1%), food products and agricultural raw materials (11.8%) prevail in the import of Russia from the CIS countries.

Without considering unstructured commerce (shuttle traders import commodities for about USD 30 billion per year) there is obviously a rampant import growth in play: in 2012 in comparison to 2000 it increased 9.3 times (average growth ratio – 20.5%),



having significantly advanced the export dynamics – 5.1 times (average growth ratio – 14.5%). Such advance shows that, first of all, import absorbs larger and larger part of additional income in the economy, secondly, in a number of cases it acts as a deterrent to development of the Russian production, thirdly, the currency is spent quicker than it is earned. At this, the share of import, irrational from the point of view of the national economy, is preserved high.

For the purpose of improvement of the import structure, in our opinion, it is necessary to solve two strategies tasks: to decrease its consumption direction (at this, special attention shall be paid to reduction or total termination of supply of products not furthering economic and commodity safety of the country); reduce import of those commodities, which are reasonable to produce inside the country, and satisfy demand for them within the frameworks of import replacement.

Russian import of machinery engineering products is growing in a large scale: in 2012 – USD 157.7 billion (increased 14.7 times as compared to 2000). It seems that the main emphasis shall be done not so much on enhancement of engineering import, but on improvement of its structure due to increase of the share of advanced machinery and equipment with high production capacity, being in compliance with the objectives of acceleration of technological progress.

The share of supplies of machinery and equipment for engineering in the general scope of the imported engineering products is comparatively low, equaling to about 25%. The trend to enforcement of the consumption nature of import gives rise to concern¹: more and more funds are spent for satisfaction of current necessities of citizens. Case example: in 2012, USD39.8 billion was spent for procurement of food products, whereas only 5% of this amount were spent for equipment for food industry and agricultural machinery. At this, import of food equipment and agricultural machinery, essential for increase of own food production, is constantly decreasing. Expansion of the import of production means for agriculture, to our mind, should take place, first of all due to increase of import of machinery for fodder production and complex automation of works at farms and poultry farming. Procurements of advance equipment and technologies for the sectors engaged in processing and storage of agricultural products may cause significant impact.

Consumptive nature of our import is clearly seen in procurement of light and textile industry goods: in 2012, Russia imported clothes and footwear for USD 17.6 billion, and equipment for light and textile industry – only for USD 300 million, or 3.5% from the cost of import of clothes and footwear (in 1995 this share was equal to 8.1%). Along with it our textile industry is on the serious decline (the volume of its production for the last years in comparison to 1990 reduced 10 times); for the purpose of its recovery, the advanced equipment, including imported one, is required.

¹ 40% of the gross import of Russia is due to the consumption import, that materially differs our country from the most foreign countries. This share equals to: in Germany – 12%, USA – 22%, Japan – 18%, China – 10%, Korea – 13%, Malaysia – 15%.

A serious problem is related to the quality and safety of imported food raw materials and food products. For example, in 2001 the share of defective inspected goods according to the Rosstat data, was equal to: for meat – 27%, for canned meat – 29%, for butter and melted butter – 40%, oil – 68%, eggs – 100%, vodka, liqueurs and spirits – 75%, beer – 49%.

It is quite obvious that import of a number of food products is of objective nature, because they cannot be produced in Russia (coffee, tea, tropic fruit, etc.). Nevertheless, about 50% of import food products are presented by goods which can be efficiently produced with high quality in our country.

Russia has significant reserves in the field of import replacement. Particularly, while exporting unprocessed wood in large amounts the country imports paper and cardboard, according to the estimates of 2012, for USD 3.0 billion. While exporting large volumes of unprocessed black metals (for the amount of USD 16 billion per year) we import a significant volume of processed black metals in the form of rolled products and pipes (in 2012 – USD 7.5 billion), at this import of the latter is growing at a high rate (in 2001 – USD 1.2 billion).

Some of the imported goods are not the essentials, though they are purchased due to high profitability. Thus, for the period of 1993-2012 alcohol for the amount of USD 28 billion (in average – USD 1.4 billion per year) was imported. Purchases of strong drinks are still large, though consumption of alcohol per capita in Russia is one of the highest in the world, being equal to 17 l (in Western Europe – 9 l). Note: according to the estimates of WHO, per capita alcohol consumption over 10 l leads to degradation of a nation. Still import of tobacco and cigarettes is unjustifiably high. Just within last years (2009-2012) it was equal to USD 4.9 billion.

The abovementioned results show that there are large reserves of rationalization and increase of the efficiency of the Russian import.

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