Export potential of the Russian agricultural sector to the Persian Gulf countries

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Abstract. The agricultural sector is one of the most important sectors of the domestic economy of the country, containing various types of economic activities in the field of agricultural production, as well as their delivery to the final consumer. The world economy acquires an integral character, becomes a functionally and institutionally structured multilevel system. The main task for Russia is to ensure the functioning of the domestic economy and its further development. The article analyzes the main factors of the development of the agricultural sector of the country, preventing an increase in production and increasing exports, and positive factors contributing to the diversification of agricultural exports, production reaching a new level. The prospects for the development of the agricultural sector of the domestic economy and its export potential are formulated, subject to close cooperation with the countries of the Persian Gulf.

1 Introduction

Russia's integration into the world community requires solving the tasks of expanding and strengthening foreign trade relations with countries that can play an important role in realizing the export potential of the state. In particular, such countries include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, which are members of the Cooperation Council for the Arab States of the Persian Gulf (GCC).

In addition, the importance of deepening economic and political cooperation between Russia and the countries of the Persian Gulf is determined by several objective factors, namely: geographical proximity, convenience of transport links, and the complementary nature of the economic structure of the Russian Federation and the economy of the region.

The fundamental issues of the formation of a global model of development and foreign economic relations, the impact of economic globalization on the restructuring and transformation of market relations, the definition of the situation, prospects and ways of adapting Russia to these processes are revealed in the works of scientists and practitioners, among whom: V.N. Burmistrov [2], T.N. Gogoleva [4], I.A. Filippov [10], I.V. Andronova [1], A.I. Rey [9], E.F. Prokushev [8], S.I. Burtsev [3], L.V. Shkvarya [11, 12], etc.

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However, despite the presence of a large number of scientific papers and their significant practical significance, research on foreign economic activity and the rationalization of economic relations between Russia and the Persian Gulf states are relevant and require further improvement.

Russia's interest in cooperation with the countries of the Persian Gulf has been growing in recent years and is becoming systemic. In the context of the strategic goal of strengthening the presence in foreign markets and diversifying areas of economic cooperation, the GCC market opens up prospects for the implementation of areas of cooperation in the field of agriculture.

The monarchies of the Persian Gulf are the world's largest exporters of oil and gas. Dependence on the oil and gas sector makes the economies of countries vulnerable and sensitive to price fluctuations. Nevertheless, each of the countries is endowed with an independent strategy of diversification and innovative economic development to reduce this dependence, with the need to create a modern infrastructure based on high technologies, digitalization and large-scale projects.

Despite the decline in economic indicators in the countries due to lower oil prices, the results of structural economic reform in the direction of diversification allow us to predict stabilization. The attractiveness of the GCC market remains high, despite economic problems, opening up export opportunities for Russia.

The purpose of the article is to determine the prospects for the development of the export potential of the agricultural sector of the domestic economy with the GCC countries, taking into account the existing risks and possible options for public policy in crisis conditions and in the context of globalization.

2 Materials and Methods

The study used statistical and financial data characterizing the level of development of the foreign economic potential of the Russian agricultural sector, using elements of comparison, analysis, synthesis and logical modeling.

3 Results

The export potential of the country's agricultural production makes it possible to produce such a quantity of goods that will be competitive in the foreign market and will contribute to the economic growth of the state. The statistics of recent years of the agricultural sector of the Russian economy show a positive trend, increasing the volume of agricultural production.

Over the past three years, and 2023 is no exception, Russia has demonstrated high rates of agricultural exports to 150 countries around the world. China (13%), Turkey (15%) and Kazakhstan (7%) remain among the largest importers of plant products (grain, rapeseed, buckwheat, rice).

Meat exports increased at an equally rapid pace in 2022, by more than 50% in monetary terms and 525 thousand tons in kind.

Supplies of fat and oil products abroad increased by 13.7%, to 8.1 million tons, in physical terms and to $5.7 billion, in monetary terms. The growth was primarily ensured by exports of sunflower oil, of which 3.7 million tons (+19%) were shipped by $2.8 billion (+28%). China is also the largest buyer of all fat and oil products ($1.1 billion).

In monetary terms, only fish and seafood supplies abroad decreased in 2022.
The year 2023 has become an active period of building economic and political relations with the countries of the Cooperation Council of the Arab States of the Persian Gulf: the United Arab Emirates, Saudi Arabia, Qatar, Oman, Kuwait, Bahrain.

In general, the capacity of the economies of these countries is about $915 billion and occupies 2.6 million km² of the total territory and about 50% of the OPEC quota for oil production [8].

For Russia, this region is of great importance, providing considerable potential for mutually beneficial trade and economic cooperation and the availability of transport and logistics maritime communications, since the countries of the Persian Gulf depend on agricultural imports by an average of 90%.

The main agricultural sector goods from Russia to the GCC countries are cereals (22.5%). Fats and oils (7.2%), seeds and fruits of oilseeds (2.4%) also account for a sufficient share of supplies to the GCC member countries.

Table 1. The trade turnover of agricultural products between Russia and the countries of the Cooperation Council for the Arab States of the Persian Gulf (2020-2022), $million [15].

<table>
<thead>
<tr>
<th>Countries</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2022/2020 (growth, %)</th>
<th>Share in 2022, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russian exports</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bahrain</td>
<td>2.8</td>
<td>3.1</td>
<td>3.7</td>
<td>+32.1</td>
<td>0.3</td>
</tr>
<tr>
<td>Kuwait</td>
<td>15.5</td>
<td>14.7</td>
<td>15.8</td>
<td>+1.9</td>
<td>1.3</td>
</tr>
<tr>
<td>Oman</td>
<td>84.7</td>
<td>82.3</td>
<td>85.8</td>
<td>+1.3</td>
<td>7.2</td>
</tr>
<tr>
<td>Qatar</td>
<td>33.6</td>
<td>30.5</td>
<td>34.1</td>
<td>+1.5</td>
<td>2.9</td>
</tr>
<tr>
<td>SA</td>
<td>632.5</td>
<td>557.6</td>
<td>669.4</td>
<td>+5.8</td>
<td>56.5</td>
</tr>
<tr>
<td>UAE</td>
<td>344.7</td>
<td>302.2</td>
<td>376.7</td>
<td>+9.3</td>
<td>31.8</td>
</tr>
<tr>
<td>Total</td>
<td>1113.8</td>
<td>990.4</td>
<td>1185.5</td>
<td>+6.4</td>
<td>100</td>
</tr>
<tr>
<td>GCC imports</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bahrain</td>
<td>0.0002</td>
<td>0.0002</td>
<td>0.0003</td>
<td>+5</td>
<td>0.01</td>
</tr>
<tr>
<td>Kuwait</td>
<td>0.0004</td>
<td>0.0003</td>
<td>0.0005</td>
<td>+2.5</td>
<td>0.02</td>
</tr>
<tr>
<td>Oman</td>
<td>0.03</td>
<td>0.05</td>
<td>0.04</td>
<td>+3.3</td>
<td>0.08</td>
</tr>
<tr>
<td>Qatar</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SA</td>
<td>1.5</td>
<td>1.6</td>
<td>1.8</td>
<td>+20</td>
<td>4.6</td>
</tr>
<tr>
<td>UAE</td>
<td>37.5</td>
<td>35.7</td>
<td>37.6</td>
<td>+0.3</td>
<td>95.2</td>
</tr>
<tr>
<td>Total</td>
<td>39.3</td>
<td>37.3</td>
<td>39.5</td>
<td>0.51</td>
<td>100</td>
</tr>
</tbody>
</table>

According to statistics, the dynamics of foreign trade between Russia and the GCC countries increased by 6.4% over the period 2020-2022. (Table 1).

However, the GCC countries export agricultural products to Russia in a small volume, but also food products (dates, chocolate and confectionery, coffee, tea)

The main export groups of agricultural goods from Russia are: crop and livestock products, fat and oil products, as well as food products, mainly sugar, flour and cereal products.

The UAE and Saudi Arabia are among the leading buyers of crop production (wheat dominates about 80%, seeds and fruits of oilseeds (3.6%)).

The GCC countries are dependent on imports of meat and offal. Agricultural producers from Russia supply poultry meat (up to 30%), veal, lamb.

Fats and oils also account for a significant share of domestic supplies to the GCC member countries (13.4%). Over the past three years, Qatar alone has increased exports of fat and oil products by 50%.

Kuwait, Oman, Qatar and Bahrain are also dependent on imports of dairy products, beverages and confectionery.

The GCC is open to new high-quality partnerships in this area, as there is an increase in the volume of the food and beverage market between Russia and the countries of the
Cooperation Council for the Arab States of the Persian Gulf. In the UAE alone, the food sector has increased from $44.9 million over the past 3 years up to $48.6 million, and these figures, according to forecasts of the Ministry of Agriculture of the Russian Federation, will only grow [13-19].

Thus, prospects for further development of the market of the GCC countries by domestic companies, improvement of the quality level, characteristics of environmental friendliness and safety of domestic agricultural products, improvement of the state of food security of the state, etc. appeared as a significant step for the development of the agricultural sector.

4 Discussion

The establishment of international economic organizations in Arab countries, such as the Arab Fund for Economic and Social Development (AFESR) in 1968, the Arab-African Bank for Economic Development (ABERA) in 1973, the Islamic Development Bank (IBRD) in 1973 and the Arab Monetary Fund in 1977 (AVF) contributed to the integration process in the Arab countries. That is why, in January 1981, the Cooperation Council for the Arab Countries of the Persian Gulf (GCC) was established in six countries - Bahrain, Qatar, Kuwait, the United Arab Emirates, Oman and Saudi Arabia. The Council was established shortly after the Islamic summit in Saudi Arabia. The idea of creating this organization belongs to Saudi Arabia in order to unite the states.

In this case, in the context of realizing the export potential, Russia has the opportunity to stabilize the country's economy and lay the foundation for the development of other sectors through intersectoral coordination.

The result of theoretical research by scientists is to determine the export potential of the agricultural sector as the real ability of an economic entity to produce agri-food products or services that could become competitive in the market, while using both its own and attracted resources, to realize opportunities in potential foreign economic segments without harming the domestic market.

Taking into account the above, the export potential of the agricultural sector of Russia with the GCC countries is based on:
1) providing 78.5 million hectares of arable land (10% of all arable land in the world)
2) Russia's interest in developing trade and economic cooperation with the countries of the region, which is due to its relative geographical proximity, high demand for domestic products, and important investment potential.

For the rapidly developing Arab countries, it means a solid scientific base, new technologies, fertile lands, engineering, qualified personnel and, of course, centuries-old cultural traditions.

The countries of the Middle East are important financial resources for Russia, the desire to develop international relations and strengthen its position in the international arena, as well as new markets.

In today's world, only new ways to establish contacts and communication between companies is the key to a successful business. In addition, the peculiarities of the regions play an important role.

Currently, both economic and political relations between Russia and the GCC countries are characterized by stability.

Nevertheless, recent years have been marked by the signing of a number of agreements and the development of new methods of mutually beneficial cooperation.

In particular, the rapid development of trade and economic relations is taking place with the United Arab Emirates. Despite the American and European sanctions against Russia,
the UAE did not join them, but continued its partnership with the Russian Federation, expanding economic ties, as well as coordinating its political actions with it.

From open sources, in 2022, the mutual trade turnover between Russia and the UAE increased by 68%, reaching $ 9 billion. Currently, the Emirates is one of Russia’s largest foreign trade partners among Arab countries.

Both sides see high potential for increasing further mutual trade and creating balanced trade flows. For Russian companies, the UAE is a convenient logistics platform for the export and import of goods, equipment, materials and components to the Russian Federation.

The Sultanate of Oman is also a friendly state for Russia. In 2023 (June 8), the two countries signed an agreement on the avoidance of double taxation and the prevention of income tax evasion, which will enter into force on January 1, 2024. Oman is interested in cooperation in the field of higher education and scientific research. In addition, Russia has historically been the main supplier of wheat to Oman, which occupies 10% of the structure of Russian exports to the country. Over the past three years, supplies of animal products have increased, amounting to $2.3 million in 2022 with a total weight of 317 tons.

Cooperation between Russia and Kuwait is characterized by positive dynamics. In 2023, representatives of Kuwaiti government agencies held negotiations on the implementation of investment projects, identifying priority ones that require loans from the Government of Kuwait.

In particular, exports from Russia to Kuwait of agricultural group goods over the past three years amounted to about $ 2 billion, with the dominance of plant products and food products.

Cooperation with the State of Qatar has been actively developing over the past three years. The central role in the negotiations was to attract Qatar's investments in the domestic economy and infrastructure. Russia and Qatar are working on joint projects worth more than 160 billion rubles. Taking into account the main gas reserves (the third in the world after Russia and Iran), the priority of the Qatari government is the production of projects for the construction of new capacities for the extraction and liquefaction of natural gas. The possibility and even the need to establish economic ties between Moscow and Doha stems from Qatar's leading role in the global energy market.

In 2022 and 2023, Russia and Qatar are experiencing dynamic growth rates in trade volume, despite the fact that the indicators are significantly lower than with the UAE and CA. Qatar is an important trading partner of Russia. Over the past three years, the volume of Qatari investments in the Russian economy has amounted to $13-15 billion. The commodity structure of exports to Qatar is dominated by agricultural products and ferrous metals.

Diplomatic relations between the USSR and the Kingdom of Bahrain were established on September 29, 1990, and on December 29, 1991, these relations were consolidated, since the Kingdom recognized Russia as the legal successor. However, full-fledged diplomatic relations between the Russian Federation and Bahrain began almost 30 years ago, and in 1998 the agreement "On cooperation in the field of economic relations and trade" was signed, which became the starting point in economic cooperation, the development of mutual investment and partnerships.

The trade turnover between Russia and the Arab state is increasing every year. By the end of 2022, the indicator increased by 38%, which amounted to $ 29 million.

The main agricultural exports to Bahrain over the past three years have been cereals and food. There are prospects for cooperation in all sectors, since Bahrain has created high–quality conditions for doing business: a preferential tax regime, the possibility of one hundred percent ownership of business assets, the absence of currency control, the presence of special economic zones and technology parks.
On December 30, 1991, the Kingdom of Saudi Arabia declared recognition of the Russian Federation as the legal successor of the USSR. Currently, Saudi Arabia is Russia's main trade and economic partner. The volume of trade in goods and services between Russia and the Kingdom is equal to the volume of the UAE and is significantly higher than with all other countries of the GCC region. In the structure of agricultural exports from Russia, almost all groups with significant dominance over other representatives of the GCC are present.

In addition, thanks to the active activity and functioning of trade and economic institutions in the CA and the UAE, the GCC countries constantly provide free information support for the normalization of business from Russia, the search for new contacts, meetings and joint events.

Thus, Russia's integration processes with the countries of the Cooperation Council for the Arab States of the Persian Gulf are not typical of the global economy. Since their national economies are not close to established economic development, they are not characterized by stable economic ties and a specific division of labor, therefore they do not fit into established integration processes. Common factors contributing to integration processes in the region, primarily socio-cultural ones: a common language, a common religion and a common culture.

However, the process of developing the economic integration of Russia and the GCC countries is manifested not only economically, but also politically, culturally and religiously, therefore marked by positive trends. Arab and Islamic culture has had a great influence on the development of the national economic system in the Persian Gulf countries, which is not based on other parts of the world. Therefore, the main reason for integration is the efforts of local political and economic forces in finding a position in the modern globalized world economy.

The purpose of creating interstate integration associations is:

1) elimination of tariff and non-tariff provisional codes in the mutual trade of the participating countries;
2) to protect the domestic markets of the participating countries from the competition of third countries;
3) combining the legal and economic conditions of trade, creating a common market by channeling capital and labor;
4) formation of a monetary union;
5) integration of the functioning of all economic activities, the establishment of economic unity and coordination of the economic policies of the member countries, the formation of supranational organizations capable of making binding decisions for all.

International economic integration leads to close ties between national economies, the creation of regional economic complexes and national political integrations.

The specific forms of economic cooperation depend on the level of economic development of the participating countries. The development of international economic integration is considered to be a transition from simple to complex forms:

1) Free trade zone;
2) the Customs Union;
3) single or common market;
4) Economic union;
5) Economic and monetary union.

Cooperation in the agricultural sector is perhaps one of the most promising areas of bilateral cooperation. Due to climatic conditions, the Gulf States are unable to produce the necessary amount of food for their own consumption, as a result of which they are very dependent on imported products. The region imports almost 85% of the necessary food, so
the agricultural sector is another area for mutually beneficial cooperation, especially given Russia's potential.

Russia is interested in cooperation taking into account the following factors:

- Economic and political weight of the subregion;
- highly developed infrastructure;
- investment potential;
- The complementary nature of supply and demand in the export-import dimension.

5 Conclusion

Summing up, it can be concluded that Russia will receive a number of advantages from cooperation with the GCC countries, among which: diversification of the structure of exports of agricultural products and expansion of the export potential of the Russian Federation.

The opportunities provided by the markets of the GCC countries, Russia's economic opportunities, and trade trends with these countries indicate a significant potential for trade and economic cooperation. The task of its activation corresponds to the goals set in the export strategy, requires certain actions to promote, legal regulation and activation of intersectoral dialogue with each country of the subregion, as well as systematization of the vision of the region as a separate direction.

In order to activate and optimize the entry of domestic exporters into the market of the GCC countries, as well as due to the high level of interest in attracting investments from the countries of the subregion, it is considered advisable to continue activities in the field of appropriate information support. In particular, importers by improving the information system on conditions and opportunities to enter the target market; potential investors by updating the online resource in Arabic with the placement of a list of privatization objects, online maps of investment contact points and documents related to investment opportunities and procedures.

It is necessary to expand and update the legal framework with countries to match the goals and potential of existing cooperation.

In order to reduce Russia's dependence on exports of raw materials, the sale of which makes the economy dependent on price fluctuations on world markets and creates risks for instability, it is necessary:

- To increase the share of value-added goods in the export structure (in the agricultural sector due to finished products) and increase the volume of exports of services (with an emphasis on telecommunications, computer and information services);
- To consider the possibility of creating joint innovation centers and enhancing scientific, technical and industrial cooperation between the parties, in particular within the framework of free economic zones and industrial parks available in each GCC country;
- To consider the possibility of establishing a preferential trade regime with the GCC countries;
- To intensify the activities of intergovernmental commissions and hold regular meetings.

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