

# Opportunities Lost

## The Impact of the Russian Embargo on its Agri-Food Trade with the EU: Analysis by Selected Indicators<sup>1</sup>

*E. Kašťáková, B. Baumgartner, M. Žatko*

---

---

**Elena Kašťáková** – PhD, Associate Professor at the Department of International Trade, University of Economics in Bratislav; Dolnozemská cesta 1, 852 35 Bratislava; E-mail: elena.kastakova@euba.sk

**Boris Baumgartner** – PhD, Assistant Professor at the Department of International Trade, University of Economics in Bratislava; Dolnozemská cesta 1, 852 35 Bratislava; E-mail: boris.baumgartner@euba.sk

**Matúš Žatko** – PhD Student at the Department of International Trade, University of Economics in Bratislava; Dolnozemská cesta 1, 852 35 Bratislava; E-mail: matus.zatko@euba.sk

### **Abstract**

*The export of agri-food products from the European Union (EU) to Russia has been negatively influenced by the Russian embargo. The objective of this paper is to analyze the impact of the Russian agri-food embargo on EU agri-food exports to Russia from 2010 to 2016 and to consider the possibility of avoiding the embargo using Belarus as a re-exporting country. The revealed comparative advantage (RCA) index was used to assess the impact of Russian sanctions on agricultural exports from the EU to Russia. The main consequence of the embargo was a significant decline in EU agri-food exports to Russia. European producers responded by trying to increase the territorial diversification of their customers. In the beginning, they tried to keep the Russian market through re-export operations, which is evident in the example of Belarus. Calculation of RCI points to the fact that mutual agri-food trade has changed significantly. Prior to the embargo, agri-food exports from the EU to Russia were competitive, but these advantages have been lost. In 2010, Russia was the second most important agri-food market for the EU. However, as a consequence of the embargo, it dropped to fifth place in 2016. The paper also assesses the future development of agri-food trade between the EU and Russia based on a linear model.*

**Keywords:** agricultural export; embargo; EU; Russia; revealed comparative advantages

**For citation:** Kašťáková E., Baumgartner B., Žatko M. (2018) The Impact of the Russian Embargo on its Agri-Food Trade with the EU: Analysis by Selected Indicators. *International Organisations Research Journal*, vol. 13, no 4, pp. 256–271 (in English). DOI: 10.17323/1996-7845-2018-04-12.

---

<sup>1</sup> The editorial board received the article in April 2018.

## Introduction

International economic relations are being affected by various factors resulting from long-term global changes which distort globalization tendencies and have a fundamental impact on national economies [Kittová et al., 2014]. International trade in agricultural products is currently undergoing significant changes resulting from the weakening of state support and emerging protectionism in many states, especially in the European Union (EU) [Krivorotko, 2017]. The conflict between Russia and Ukraine has caused the sanction war between the EU and Russia. The high degree of interdependence of economies means that every negative impulse is felt in the mutual trade performance of countries [Grinberg, Shmelev, 2014]. At the beginning of the conflict, the EU imposed diplomatic sanctions against Russia, but these were limited to persons and companies. However, after the Malaysian commercial airplane was shot down in July 2014, the EU extended sanctions to the economy as a whole. Russia answered quickly and imposed retaliative sanctions in the form of an embargo on selected agri-food products from the EU and other countries, including the U.S., Australia, Canada, Norway and Iceland. Agricultural products were chosen because of the easy reorientation of Russian imports from other countries [Zábojník, Hamara, 2015].

The EU is aware of the importance of its agri-food exports to the Russian market. Agriculture has been one of the EU's most important economic sectors since the beginning of modern integration tendencies on the European continent. This is confirmed by the concept of the EU Common Agricultural Policy, which was grounded in the 1962 Treaty of Rome and which, together with the EU's Common Commercial Policy, is one of the oldest EU policies [Kittová, 2014]. Exceptional attention to the agricultural sector results from several factors. A key factor is the strategic importance of agriculture as it ensures the EU's food self-sufficiency and is one of the means of fighting against poverty. In addition to its economic, development, landscape, environmental and social functions, the importance of agriculture in the EU also underlines its symbolic significance – it was the first area to which most of the competencies were transferred from the European states to the EU institutions [Ružeková, 2013]. The Russian ban on EU agri-foods meant that EU agri-food exporters faced a serious challenge. The EU Commission applied various supportive measures in the form of financial aid and new regulations but these measures were not effective in the short term. The exporters had to diversify their customer base and tried to sell their banned products to Russia through re-export operations. A key example of this was the effort to re-export through Belarus, due to its membership in the Eurasian Economic Union with Russia. This paper compares EU exports of banned products to Russia with those to Belarus.

Agricultural production is very important for every country's view of food safety. The priority of the Russian economy is the active development of the agricultural sector so as to be competitive with the agricultural sectors of other countries [Tsyngueva, 2016]. During the next few years, Russia expects further changes associated primarily

with its accession to the World Trade Organization (WTO). Reduction of budgetary support and restrictions (tariff and non-tariff) will affect the competitiveness of Russian agricultural and food products in both the domestic and international markets [Ishchukova, Smutka, 2013]. Given its ample natural and human resources, and with state intervention and agricultural reforms, Russia can increase the competitiveness of its agricultural sector [Sutyryn, Trofimenko, 2014].

This paper analyzes the impact of the Russian agri-food embargo on EU agri-food exports to Russia from 2010 to 2016, and examines the possibility of avoiding this embargo using Belarus as a re-exporting country. Based on this analysis, an estimation of future EU agri-food exports to Russia can be made.

## Material and Methods

At present, there are many researchers in the field of international sanctions. Authors such as M. Marinov [2005] and S. Chesterman [2003] consider international sanctions to be a sort of middle ground between diplomatic protest, which is often considered to be a weak expression of disagreement, and military conflict, which on the contrary may be too aggressive. According to Marinov [2005], the expected result of the application of sanctions is one similar to that which would come from war but with significantly lower economic and human losses. According to D. Baldwin [1998], sanctioning instruments used in diplomatic practice can generally be applied to economic, diplomatic and military sanctions, each of which is characterized by particular features.

Despite the general expansion of the use of sanctions as a policy instrument, there is no consensus in the theory so far about the rationale behind their introduction or their success in achieving their goals. Authors such as K.R. Nossal [1989] and M. Daoudi and M. Dajani [1983] agree that the application of sanctions is an international policy tool that attempts to achieve required changes in the activities or policy of the sanctioned state through pressure techniques. Nossal is of the opinion that, in order to speak about international sanctions, it must be the case that they are implemented by legitimate actors in the international system and that they are being implemented in response to serious violations of generally applicable international standards. Economic sanctions are comprehensively characterized by J. Galtung [1967] as measures by one or more international actors (shippers) taken against one or more other actors (recipients) for one or both of these two purposes: to punish the recipients by depriving them of any value or to force recipients to follow certain standards that senders consider important. G. Hufbauer et al. [2017] define economic sanctions as “deliberate, government-induced appeal, or the threat of recourse to trade in goods or financial relations.” M. Golliard [2013] states that economic sanctions include non-tariff barriers to trade in the form of restrictions on the import or export of goods in order to compel another state to change its political decisions. Economic sanctions in the form of bans, quotas and licenses represent exogenous shocks that have negative consequences for trade. The main consequence of sanctions is trade diversion.

This paper assesses the impact of the Russian embargo on EU agri-food exports to Russia. Its scope is limited to the period from 2010 – one year after the crisis of 2009 during which the world economy was highly unstable and world trade declined an average of 30% – to 2016. This time period makes it possible to point out changes in agricultural trade between the EU and Russia. Mutual trade has been strongly affected by the sanctions imposed by Russia. To assess these changes a revealed comparative advantage (RCA) index was used. These indices compare the competitiveness of sectors of the domestic economy with economic sectors of another country.

There are several ways to measure RCA. A typical example is the Balassa index which is defined as the ratio of the difference between the export and import of commodity groups and the sum of exports and imports of these commodity groups [Balassa, 1965]. This analysis uses the formula in which the revealed comparative advantage is a logarithm of the share of exports and imports of goods categories of the countries in total exports and imports of the same country, which is evaluated in this paper. It is defined as:

$$RCA = \ln \frac{x_{ij}}{m_{ij}} / \frac{X_j}{M_j}, \quad (1)$$

where  $x_{ij}$  stands for the exports of country  $j$  in commodity group  $i$ ;  $m_{ij}$  stands for the imports of country  $j$  in commodity group  $i$ ;  $X_j$  stands for the value of total exports of country  $j$ , and  $M_j$  stands for the value of total imports into the country  $j$ . According J. Hinloopen and C. Marrewijk [2001], possible values of the index can be classified into four categories (a–d) determining its size and relative intensity:

- a)  $0 < RCA \leq 1$  – no comparative advantage,
- b)  $1 < RCA \leq 2$  – weak comparative advantage,
- c)  $2 < RCA \leq 4$  – moderate comparative advantage,
- d)  $4 < RCA$  – strong comparative advantage.

To estimate the future development of EU agri-food exports to Russia, a simple linear model was used. On the basis of existing values, the model calculates or estimates the future value of the dependent variable(s) for a given independent variable value. The pair of numbers  $x$  and  $y$  are known numbers. The model estimates the new value using linear regression. The formula for calculation is:

$$y = a + bx, \quad (2)$$

where:

$$a = \bar{y} + b\bar{x}$$

and

$$b = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sum (x - \bar{x})^2},$$

where  $x$  and  $y$  are the mean values of the sample.

Data for this research are from EUROSTAT statistics.

First, the share for all agricultural commodities affected by the imposed embargo of agricultural exports of the EU to Russia was calculated and 10 groups of commodities with the highest share were selected for further consideration. Aggregated, the ten biggest commodity groups had a 62.2% share of all exported commodities affected by the embargo in 2010 and 31.67% of total agricultural exports in 2010. The RCA index was calculated for all groups, but the current analysis considers only the 10 selected groups of products.

## Results and Discussion

The European Union is one of the most important players in international trade relations. In the context of world trade in goods, the EU was the second-largest exporter (€1,745.2 billion) and the second-largest importer (€1,708.3 billion) in 2016. International trade is an essential part of the EU's economy as it generates a considerable part of its gross domestic product (GDP), and supports employment and sustainable development. The EU mainly exports machinery, vehicles, chemicals and other manufactured goods, and mainly imports machinery, vehicles and energy. The EU trades goods with almost every country in the world, with the most important trading partners being the United States, China, Switzerland, Turkey, Russia, Japan and Norway. Until 2014, Russia was the fourth-largest export partner of the EU. However, it has sunk to fifth place in subsequent years. Its share of EU exports has fallen from 6.4% in 2010 to 4.1% in 2016. This negative development is mainly affected by the economic-political sanctions applied between the EU and Russia, and also by falling prices of oil and natural gas as they have a dominant position in mutual trade [Locatelli, 2013].

Agriculture has an important position in the foreign trade of the EU as well. The EU is a major world exporter of agri-food products. Export of agri-food products provides EU farmers additional income, but its potential dropouts can disrupt the fragile stability of this sector. The current Russian embargo potentially jeopardizes business relations valued at €5 billion and affects 9.5 million people working in the concerned sectors. The agri-food sector is an important, albeit not the most important, component of the EU's foreign trade. In 2016, foreign trade in agri-food products accounted for 7% of total EU foreign trade. Exports of agri-food products accounted for 7.5% of EU exports and 6.6% of all imported EU goods [European Commission, 2017].

The EU's agri-food trade turnover had recorded an average annual growth rate of 6.2% between 2010 and 2016. Exports by the EU were higher than imports during the entire period, as reflected in the long-term active balance of trade. In 2016, the EU's external trade indicators for agri-food products reached their highest value ever. Total turnover was €243.4 billion, exports reached €131.1 billion, imports reached €112.2 billion, and an active balance of trade reached €18.9 billion. In the context of this analysis, it is relevant to raise the question of the impact of the Russian embargo on EU agri-food exports. Figure 1 suggests that the growth of foreign trade indicators slowed in 2014, when Russia levied its embargo. EU exports recorded only 1.5% growth

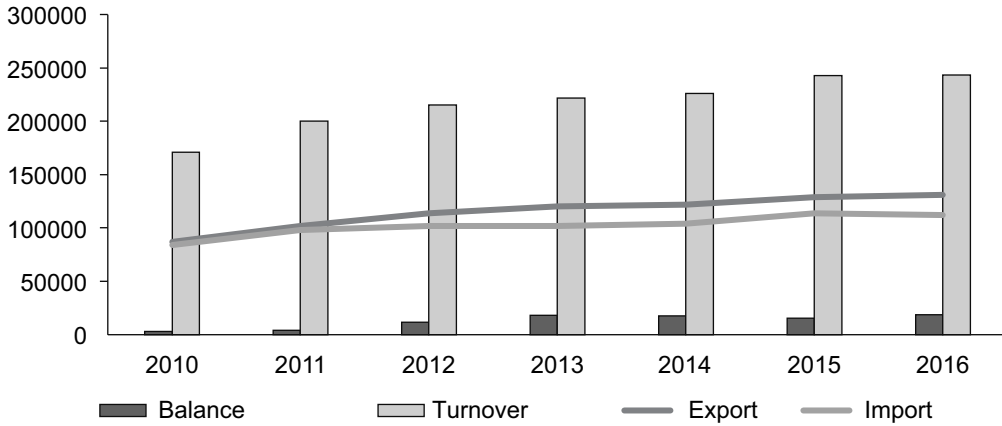
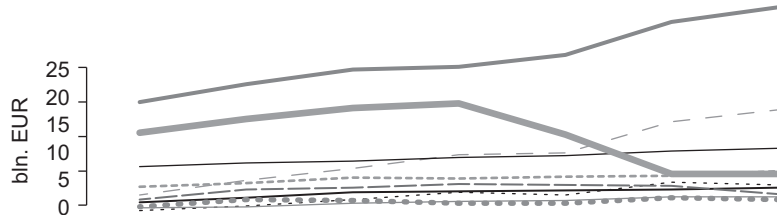


Fig. 1. Development of Agri-food Trade of the EU With Third Countries, 2010–2016 (€ Million)

Source: Calculated by the authors based on the Eurostat database.

in 2014, which represents a significant slowdown compared to previous years. In this case, however, the key point is that although there was a certain slowdown in the EU’s external trade growth indicators in 2014, there was no decline. In 2015 and 2016, when the embargo became applicable for the whole year (in 2014 the embargo applied only from August), there was also no decline in foreign trade indicators.



	2010	2011	2012	2013	2014	2015	2016
— 1. USA	12,1	13,74	15,11	15,36	16,37	19,4	20,74
- - 2. China	3,61	4,92	6,07	7,29	7,44	10,34	11,39
— 3. Switzerland	6,21	6,58	6,71	7,08	7,21	7,67	7,9
- - - 4. Japan	4,35	4,7	5,21	5,11	5,32	5,35	5,77
— 5. Russia	9,33	10,58	11,53	11,97	9,13	5,54	5,54
· · · · 6. Saudi Arabia	2,18	2,65	3,22	3,88	3,58	4,79	4,58
— 7. Norway	2,92	3,4	3,83	3,98	4,02	4,09	4,31
- - - 8. Hong Kong	3,17	4,1	4,25	4,66	4,53	4,49	3,71
— 9. Canada	2,42	2,55	2,85	3	3,13	3,42	3,45
· · · · 10. Turkey	2,55	3,2	3,13	2,84	2,85	3,41	3,23

Fig. 2. EU’s Top Agri-food Export Partners, 2010–2016 (€ Billion)

Source: [European Commission, 2017].

Figure 2 shows the territorial structure of EU agri-food exports. Recent developments show that the dominant position is held by the United States. In 2016, EU exports to the U.S. reached €20.74 billion, representing 15.8% of total EU exports. The second-most important export territory in 2016 was China, reaching €11.39 billion and share of 8.7%. Among the most important partners are Switzerland, Japan, Russia, Saudi Arabia and Norway. Belarus is not among the top agri-food trade partners of the EU in the long term. In 2016, it was the 35th most important export territory of the EU. Its position has, however, improved recently. In 2016, EU exports to Belarus reached more than €800 million, which accounted for a 0.5% share of EU agri-food exports.

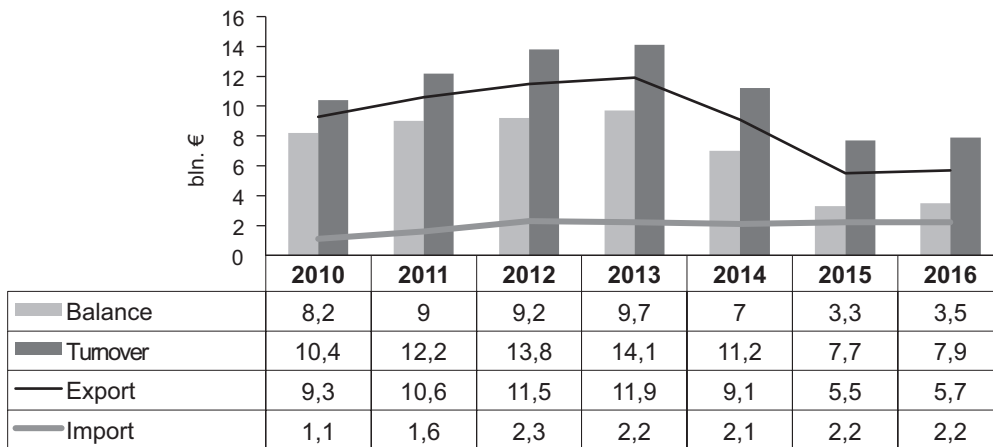


Fig. 3. Development of Agri-food Trade Between the EU and Russia, 2010–2016 (€ Billion)

Source: Calculated by the authors based on data from the EUROSTAT database.

Despite the limits placed by the embargo on EU exports of agri-food products and commodities, the position of Russia (€5.63 billion, or 4.3%) is still significant. However, there has been a significant drop compared to previous years. Russia had been the second-most important market for EU agri-food exports with value of more than €9.33 billion in 2010. The application of the Russian embargo was reflected in 2014 in the form of a decline in EU exports. In 2013, the total value of EU agricultural exports to Russia reached almost €12 billion and imports reached only €2.19 billion. The years 2014, 2015 and 2016 are characterized by a steep decline in the total exports of the EU. The cause of the decline is obvious – the agri-food embargo applied by Russia on selected products. In 2016, agri-food exports fell by 52.6% from 2013 levels.

In 2013, the share of products banned by the Russian embargo reached 47.8% of the EU's total agri-food exports to Russia. During the last three years (2013–2016), there has been a reduction in EU agri-food exports of more than €5 billion. The reason that exports of banned products have not fallen to an absolute minimum is because the embargo contains a number of exceptions – in 2016, exports of banned agri-food products to the EU reached a value exceeding €400 million. In 2016, EU agri-food exports



accounted for 7.9% of total EU exports to Russia, whereas in 2013 this share was 10%. The share of agri-food exports in total EU exports to Russia decreased by 2.1%. The group of products under the embargo accounted for 4.8% of total EU exports to Russia in 2013, while in 2016 it was only 0.6%.

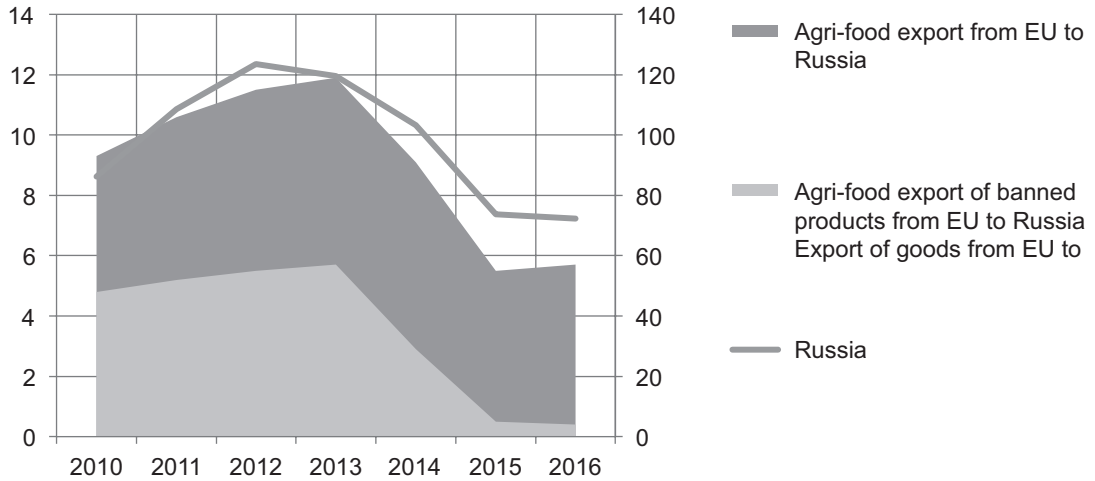


Fig. 4. Comparison of the Development of Total Exports From the EU to Russia With Total Agri-food Exports From the EU to Russia and Exports of Groups of Goods Whose Import Has Been Banned by the Russian Embargo (€ Billion)

Source: Calculated by the authors according to data from the EUROSTAT database.

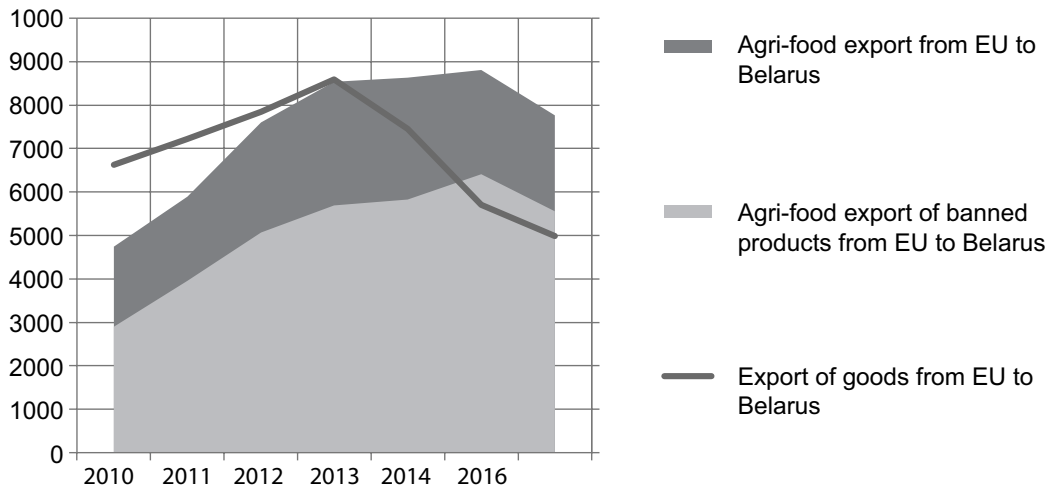
The embargo has also caused problems in Russia. The process of substitution for imported products is still slow. The main reasons are that the demand for imported products has fallen in connection with the fall of the income of the Russian population, and domestic producers cannot replace large volumes of import production in only one or two years [Kuznetstov et al., 2016]. Another analysis has shown that markets for milk and beef experienced serious problems. The main reasons for market volatility include a relatively low share of large enterprises with better adaptability to the conditions of the embargo and sanctions, and underdeveloped market infrastructure [Borodin, 2016].

In order to mitigate the negative consequences of the Russian embargo, the EU Commission has applied various supportive measures to its agricultural sectors. EU producers, however, have also tried to find alternative ways to reach Russia through re-export operations. One of the most commonly used countries for agri-food re-exports from the EU to Russia has been Belarus. Against this background, it can be expected that EU exports of banned products to Belarus have increased significantly in recent years.

Figure 5 shows that despite the overall decrease in EU exports of goods to Belarus, exports of agri-food goods increased. Looking at the export development of products banned by the Russian embargo, the highest increase in exports to Belarus occurred



between years 2014 and 2015. When the Russian embargo was applied in 2014, EU producers tried to find alternative routes to Russian markets. In 2016, the export of banned products to Belarus decreased as producers had more time to adapt to the new situation and found new customers. Moreover, political steps were taken to prevent re-export, so this option became less viable. The recent development of EU agri-food exports to Belarus, however, clearly confirms the re-export tendencies that have been mentioned across political and economic spheres.



*Fig. 5.* Comparison of the Development of Total Exports From the EU to Belarus With Total Agri-food Exports From the EU to Belarus and Exports of Groups of Goods Whose Import Has Been Banned by the Russian Embargo (€ Billion)

*Source:* Calculated by the authors based on data from the EUROSTAT database.

## The Impact of the Russian Agri-food Embargo Based on the Indicator of Revealed Comparative Advantage

As mentioned in the section on methodology, this research considered the 10 most important agri-food commodities exported from the EU to Russia in 2010 which have been banned by the embargo since 2014. The referential year is 2010 as trade in this year was not influenced by any sanction regime.

The biggest share of EU agri-food exports was group 0406 (cheese and cream) with 8.09% and group 0203 (meat of swine, fresh, chilled or frozen) with a 6.54% share. A significant share was also recorded by groups 0808 (apples, pears and quinces) at 4.46% and 0209 (pig fat) with 2.13%. Table 1 points to the recent downward trend of shares of exports in all of the selected product groups. Within these groups, EU exports fell to minimum – mainly due to the Russian embargo on their imports. As the embargo contains some exceptions, EU exports of certain products have not fallen to zero.

It is also important to take into account the deteriorating purchasing power of Russian consumers; otherwise, EU exports of these agri-food products may have been higher. As a consequence of the embargo, the Russian government aimed its activity at regulation and the support of its agricultural sector [Maitah et al., 2016].

Imposed sanctions have not only affected agri-food trade between the EU and Russia but have also had a negative effect on the revealed comparative advantages of EU exports. The RCA is calculated in order to assess the impact of the Russian embargo on the strength of the revealed comparative advantages of the top 10 agri-food product groups listed in Table 1.

*Table 1.* Share of Top 10 Agri-food Harmonized System Groups Affected by the Embargo on the EU's Exports to Russia, 2010–2016 (in %)

HS		2010, %	2011, %	2012, %	2013, %	2014, %	2015, %	2016, %
0203	Meat of swine, fresh, chilled or frozen	6.54	7.32	6.72	8.01	0.49	0.00	0.00
0206	Edible offal of bovine animal etc.	1.74	1.90	1.80	1.39	0.76	0.13	0.16
0207	Meat and edible offal, of the poultry of heading 0105, fresh, chilled or frozen	2.08	0.61	0.75	0.65	0.50	0.00	0.00
0209	Pig fat, free of lean meat, and poultry fat etc.	2.13	2.65	2.74	2.21	0.27	0.05	0.00
0303	Fish, frozen, excluding fish fillets and etc.	1.49	1.06	0.81	0.76	0.71	0.15	0.31
0402	Milk and cream	1.48	0.47	0.29	0.68	0.38	0.00	0.01
0406	Cheese and curd	8.09	7.42	7.89	8.21	5.84	0.38	0.04
0709	Other vegetables, fresh or chilled	1.57	1.39	1.79	1.67	1.36	0.06	0.05
0808	Apples, pears and quinces, fresh	4.46	4.29	4.58	4.37	3.58	0.54	0.07
0809	Apricots, cherries, peaches (including nectarines), plums and sloes, fresh	2.08	2.27	2.38	2.08	1.97	0.08	0.06

*Source:* Calculated by the authors.

*Table 2.* RCA Value of the EU Agri-food Exports to Russia by Groups Most Affected by Sanctions, 2010–2016

HS		2010	2011	2012	2013	2014	2015	2016
0203	Meat of swine, fresh, chilled or frozen	6.42	5.90	7.68	5.98	3.13	–	0.70
0206	Edible offal of bovine animal etc.	5.87	4.61	5.36	5.66	4.37	4.95	4.27
0207	Meat and edible offal, of the poultry of heading 0105, fresh, chilled or frozen	–	13.62	3.88	7.90	3.12	–1.95	–3.49
0209	Pig fat, free of lean meat, and poultry fat etc.	5.25	6.25	6.52	5.69	2.61	2.98	1.86
0303	Fish, frozen, excluding fish fillets and etc.	–1.54	–1.69	–1.58	–1.73	–2.07	–3.94	–3.33
0402	Milk and cream	5.32	4.93	7.57	5.35	3.02	–2.13	0.47

HS		2010	2011	2012	2013	2014	2015	2016
0406	Cheese and curd	6.72	7.92	8.47	4.56	4.66	2.24	1.51
0709	Other vegetables, fresh or chilled	1.22	0.46	1.11	0.36	0.81	-3.24	-3.31
0808	Apples, pears and quinces, fresh	6.61	6.44	6.81	6.88	5.89	3.02	2.93
	Apricots, cherries, peaches (including nectarines), plums and sloes, fresh	5.59	4.78	5.11	5.01	3.84	-	5.46

*Source:* Calculated by the authors.

The results show that the EU had strong comparative advantages in almost all verifying groups of commodities except group 0303 (fish, frozen, excluding fish fillets) and group 0709 (other vegetables, fresh or chilled). After the imposition of the embargo, the situation has rapidly changed. All analyzed commodity groups of the EU's agri-food exports to Russia have declined. Russia has moderate comparative advantage in three product groups (0207 —meat and edible offal, 0303 – fish, frozen, excluding fish fillets, and 0709 – other vegetables, fresh or chilled). At present, the EU has strong comparative advantages only in groups 0206 (edible offal of bovine animal) and 0809 (apricots cherries, peaches, plums and sloes). However, it has to be mentioned that exports in group 0206 (edible offal of bovine animal) fell from €162 million in 2010 to €8.5 million in 2016.

## Perspectives on the Future Development of EU Agri-food Exports to Russia

Previous analyses have clearly highlighted the fact that the Russian embargo has caused a significant drop in EU agri-food exports to Russia. The key question is how long the embargo will be in force. It is probable that as long as the conflict in Ukraine remains unresolved, both the EU sanctions and the Russian agri-food embargo will remain in force. Based on the trend of past EU agri-food exports to Russia, using a linear model, it is possible to predict EU export trends in the upcoming years.

Calculations point to the fact that while the sanctions are kept in place there will be a continuous decline in agri-food exports to Russia. Given that sanctions have the effect of trade diversion, it is reasonable to expect a gradual decline in trade of those agri-food products not covered by sanctions. EU exports may drop to €4 billion by 2019. And in the long run they might decline further. If the EU-Russia sanctions are lifted in the future, a regrowth of EU exports can be expected. However, the return to the export values for 2010–2013 will be difficult, as it will be difficult for the products that have lost their market share as a result of sanctions to win it back. In the meantime, the Russian government has decided to support domestic agricultural production and, to some extent, it has been successful in its efforts. This will pose a problem for EU production. Moreover, EU producers have made considerable effort to push their production into alternative markets, which might reflect a decreasing interest in exporting to Russia.

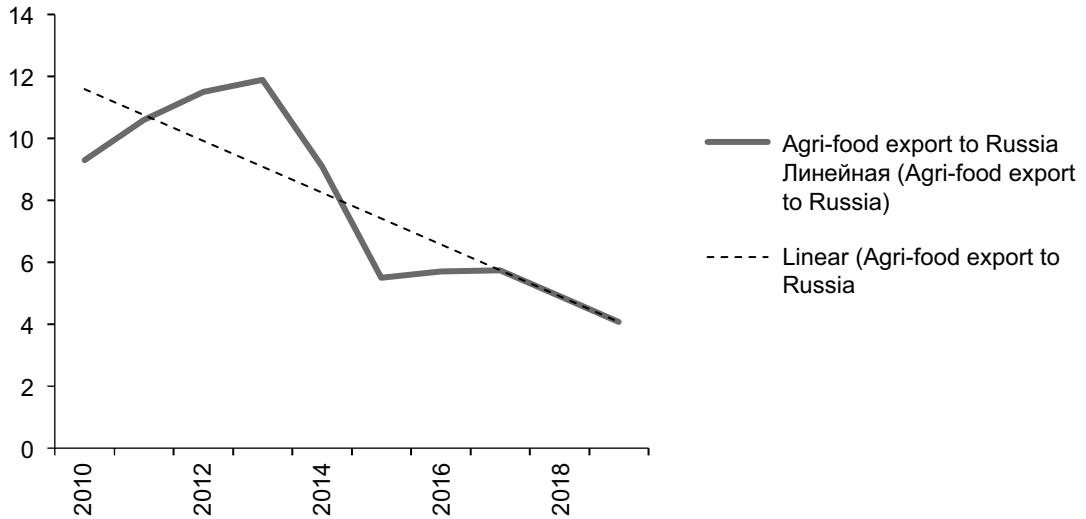


Fig. 6. Forecast of the Evolution of Exports of Agri-food Products From the EU to Russia by 2019 (€ Billion)

Source: Calculated by the authors based on data in the EUROSTAT database.

## Conclusions

Based on analysis of the impact of the Russian agri-food embargo on EU agri-food exports to Russia from 2010 to 2016, and noting that Belarus acts as a re-exporting country, the following estimation of future EU agri-food exports to Russia are offered along with final conclusions.

Russia is among the most important export markets for the EU, but its ranking is decreasing. In 2010, Russia was the fourth-most important market for the total export of goods from the EU, and for agricultural exports it was the second-most important market. Looking at the development of EU agri-food exports to Russia, volume has decreased since 2014. The main reason was the imposition of the Russian embargo on agri-food imports from the EU. At the same time, EU exports of agri-food products to Belarus have increased significantly as a consequence of the re-export operations of EU producers – in the two years after the embargo, the export of banned products to Belarus increased significantly.

This analysis shows that the EU had strong comparative advantages in almost all of the verifying groups of commodities except for group 0303 (fish, frozen, excluding fish fillets) and group 0709 (other vegetables, fresh or chilled). The embargo has changed this drastically. The comparative advantages have declined for all selected groups of products, whereas Russia gained moderate comparative advantage in three groups of products (0207 – meat and edible offal, 0303 – fish, frozen, excluding fish fillets and etc., and 0709 – other vegetables, fresh or chilled) in 2016. The EU had strong comparative advantages only in groups 0206 (edible offal of bovine animal) and 0809 (agri-

cots cherries, peaches, plums and sloes) in 2016. On the other hand, Russian producers now have a chance to increase their production for domestic markets. The production of some agri-food products affected by the embargo has increased notably. Production of swine (frozen) is two times larger and the production of fresh and chilled poultry rose by 70%. Calculations point to the fact that while sanctions remain in place there will be a continuous decline in agri-food exports to Russia. The longer the imposed sanctions are in force, the harder it will be for EU producers to come back to the Russian market and regain their previous market share.

Despite the difficult situation, Russia remains among the most important trading partners for the EU. Over the coming decades, the EU will depend on imports of Russian energy commodities. To ensure the energy security of the EU and to avoid losing access to such a significant agricultural market, the EU has to consider how to solve disparities with Russia. The future development of the EU's geopolitical strategy toward Russia will determine if mutual relations will improve and return to their pre-2010 terms or if instead they will stagnate. If there is no resolution of the current problems between the EU and Russia it will only help competitors from other countries, especially from Asia.

The paper was prepared within the project of the Ministry of Education, Family and Sports of the Slovak Republic VEGA 1/0546/17 – Impact of the geopolitical changes on enforcement of the EU strategic foreign trade interests (with implications for the Slovak economy).

## References

- Balassa B. (1965) *Trade Liberalisation and "Revealed" Comparative Advantage*. New Haven: Yale University, Economic Growth Center.
- Baldwin D. (1998) Evaluating Economic Sanctions. *International Security*, vol. 23, no 2.
- Borodin K. (2016) The Impact of the Embargo and Sanctions on the Agri-Food Markets in Russia: Analysis of Consequences. *Voprosy Ekonomiki*, pp.124–143 (in Russian).
- Chesterman S. (2003) Are Sanctions Meant to Work? The Politics of Creating and Implementing Sanctions Through the United Nations. *Global Governance*, vol. 9, pp. 503–18.
- Daoudi M., Dajani M. (1983) *Economic Sanctions, Ideals and Experience*. London: Routledge & Kegan Paul.
- European Commission (2017) Agri-food trade statistical fact sheet. Available at: [https://ec.europa.eu/agriculture/sites/agriculture/files/tradeanalysis/statistics/outside-eu/countries/agrifood-russia\\_en.pdf](https://ec.europa.eu/agriculture/sites/agriculture/files/tradeanalysis/statistics/outside-eu/countries/agrifood-russia_en.pdf) (accessed 10.08.2018).
- Galtung J. (1967) On the Effects of International Economic Sanctions: With Examples From the Case of Rhodesia. *World Politics*, vol. 3, no 19, pp. 378–416.
- Giumelli F. (2017) The Redistributive Impact of Restrictive Measures on EU Members: Winners and Losers from Imposing Sanctions on Russia. *JCMS: Journal of Common Market Studies*, vol. 55, no 5, pp. 1062–80.
- Golliard M. (2013) *Economic Sanctions: Embargo on Stage: Theory and Empirical Evidence*. Thesis, University of Fribourg.

- Grinberg R., Shmelev B. (2014) *Osobennosti stanovleniya novogo mirovogo poryadka i politika Rossii*. Urbi et Orbi (R. Griberg, J. Rubinshtein (eds)). Sankt Peterburg: Aleteya. (in Russian)
- Hinloopen J., Marrewijk C. (2001) On the Empirical Distribution of the Balassa Index. *Weltwirtschaftliches Archiv*, vol. 137, no 1, pp. 1–35.
- Hufbauer G. et al. (2007) *Economic Sanctions Reconsidered: Third Edition*. Washington DC: Peter G. Peterson Institute for International Economics.
- Ishchukova N., Smutka L. (2013) Revealed Comparative Advantage of Russian Agricultural Exports. *Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis*, vol. 61, no 4, pp. 941–52.
- Kittová Z. et al. (2014) *Alternatívny vývoja európskej integrácie 2*. preprac. a dopl. vyd., Bratislava: Vydavateľstvo EKONÓM.
- Krivorotko I. (2017) The Competitive Position of Russian Federation and Problems in Foreign Trade in Agricultural Products. *Agro-food Economy*, vol. 7.
- Kuznetsov N., Iurkova M., Shibaykin V. (2016) Interaction and Influence of Investment Process Stimulating Factors in Agriculture on the Main Trends in the Development of the Agricultural Sector in Russia. *Economic Annals-XXI*, vol. 158, no 3–4 (2), pp. 26–30.
- Locatelli C. (2013). EU-Russia trading relations: the challenges of a new gas architecture. *European Journal of Law and Economics*, vol. 39, no 2, pp. 313–329.
- Maitah M., Kuzmenko E., Smutka L. (2016) Real Effective Exchange Rate of the Rouble and Competitiveness of Russian Agrarian Producers. *Economies*, vol. 4, no 4.
- Marinov N. (2005) Do Economic Sanctions Destabilize Country Leaders? *American Journal of Political Science*, vol. 49, no 3.
- Nossal K. (1989) International Sanctions as International Punishment. *International Organization*, vol. 43, no 2.
- Ružeková V. (2013) Liberalizácia svetového obchodu: význam a účinky regionálnych dohôd (na príklade Európskej únie a Kanady) *Ekonomický časopis roč.*, vol. 61, no 9, pp. 963–82.
- Sutyryna S.F., Trofimenko O.Y. (2014) Chlenstvo v VTO: novyj etap uchastiya Rossii v mezhdunarodnoj torgovoj sisteme [WTO Membership: A New Phase of Participation in the International Trading System]. Moskva: Prospekt (in Russian).
- Tsyngueva V. (2016) Current State of Agriculture in Russia. *Economy and Business: Theory and Practice*, vol. 5, pp. 196–201.
- Zábojník S., Hamara A. (2015) Zahraničnoobchodné sankcie medzi EÚ a RF a ich vplyv na ekonomickú výkonnosť krajín EÚ11. *Studia commercialia Bratislavensia*, vol. 8, pp. 275–91.

# Влияние российского эмбарго на торговлю агропродовольственной продукцией между Россией и ЕС: анализ отдельных показателей<sup>1</sup>

Е. Каштакова, Б. Баумгартнер, М. Жатко

---

**Каштакова Елена** — канд.н., доцент кафедры международной торговли Экономического университета в Братиславе; Dolnozemska cesta 1, 852 35 Bratislava, Slovakia; E-mail: elena.kastakova@euba.sk

**Баумгартнер Борис** — канд.н., доцент кафедры международной торговли Экономического университета в Братиславе; Dolnozemska cesta 1, 852 35 Bratislava, Slovakia; E-mail: boris.baumgartner@euba.sk

**Жатко Матус** — аспирант кафедры международной торговли Экономического университета в Братиславе; Dolnozemska cesta 1, 852 35 Bratislava, Slovakia; E-mail: matus.zatko@euba.sk

*Российское эмбарго негативно повлияло на экспорт агропродовольственной продукции из Европейского союза (ЕС) в Россию. Целью данной работы являются анализ воздействия российского агропродовольственного эмбарго на экспорт агропродовольственной продукции из ЕС в Россию в 2010–2016 гг. и изучение возможности обхода данного эмбарго через использование Белоруссии в качестве страны-реэкспортера. Для оценки влияния российских санкций в отношении поставок сельскохозяйственной продукции из ЕС в Россию использовался индекс выявленных сравнительных преимуществ. Ключевым последствием введения эмбарго стало значительное снижение экспорта агропродовольственного экспорта из ЕС в Россию. Европейские производители в ответ постарались расширить диверсификацию рынков сбыта своей продукции. Вначале они пытались удержаться на российском рынке посредством реэкспортных операций, что наиболее очевидно проявилось в случае с Белоруссией. Расчет индекса выявленных сравнительных преимуществ показывает, что взаимная торговля агропродовольственной продукцией существенно изменилась. До введения эмбарго поставки агропродовольственной продукции из ЕС в Россию были конкурентоспособными, однако впоследствии эти преимущества были утрачены. В 2010 г. Россия была вторым по значимости рынком сбыта агропродовольственной продукции из ЕС. В 2016 г. в результате введения эмбарго Россия заняла лишь пятое место среди импортеров данных товаров. Авторы статьи, используя линейную модель прогнозирования, также оценивают перспективы развития торговли агропродовольственной продукцией между ЕС и Россией.*

*Данное исследование было выполнено в рамках проекта Министерства образования, семейных дел и спорта Словацкой Республики VEGA 1/0546/17 «Влияние геополитических изменений на реализацию стратегических внешнеэкономических интересов ЕС (с анализом последствий для экономики Словакии)».*

**Ключевые слова:** сельскохозяйственный экспорт; эмбарго; ЕС; Россия; выявленные сравнительные преимущества

**Для цитирования:** Каштакова Е., Баумгартнер Б., Жатко М. (2018) Влияние российского эмбарго на торговлю агропродовольственной продукцией между Россией и ЕС: анализ отдельных показателей // Вестник международных организаций. Т. 13. № 4. С. 256–271 (на русском и английском языках). DOI: 10.17323/1996-7845-2018-04-12.

## Источники

Бородин К. (2016) Влияние эмбарго и санкций на агропродовольственные рынки России: анализ последствий // Вопросы экономики. № 4. С. 124–143.

---

<sup>1</sup> Статья поступила в редакцию в апреле 2018 г.



- Гринберг Р., Шмелев Б. (2014) Особенности становления нового мирового порядка и политика России. *Urbi et Orbi* / под ред. Р.С. Гринберга, А.Я. Рубинштейна. СПб.: Алетея.
- Сутырина С.Ф., Трофименко О.Ю. (2014) Членство в ВТО: новый этап участия России в международной торговой системе. М.: Проспект.
- Balassa B. (1965) *Trade Liberalisation and "Revealed" Comparative Advantage*. New Haven: Yale University, Economic Growth Center.
- Baldwin D. (1998) *Evaluating Economic Sanctions* // *International Security*. Vol. 23. No. 2.
- Chesterman S. (2003) *Are Sanctions Meant to Work? The Politics of Creating and Implementing Sanctions Through the United Nations* // *Global Governance*. Vol. 9. P. 503–518.
- Daoudi M., Dajani M. (1983) *Economic Sanctions, Ideals and Experience*. L.: Routledge & Kegan Paul.
- European Commission (2017) *Agri-food trade statistical fact sheet*. Режим доступа: [https://ec.europa.eu/agriculture/sites/agriculture/files/tradeanalysis/statistics/outside-eu/countries/agrifood-russia\\_en.pdf](https://ec.europa.eu/agriculture/sites/agriculture/files/tradeanalysis/statistics/outside-eu/countries/agrifood-russia_en.pdf) (дата обращения: 10.08.2018).
- Galtung J. (1967) *On the Effects of International Economic Sanctions: With Examples From the Case of Rhodesia* // *World Politics*. Vol. 3. No. 19. P. 378–416.
- Giumelli F. (2017) *The Redistributive Impact of Restrictive Measures on EU Members: Winners and Losers from Imposing Sanctions on Russia* // *JCMS: Journal of Common Market Studies*. Vol. 55. No. 5. P. 1062–1080.
- Golliard M. (2013) *Economic Sanctions: Embargo on Stage: Theory and Empirical Evidence*. Thesis, University of Fribourg.
- Hinlopen J., Marrewijk C. (2001) *On the Empirical Distribution of the Balassa Index* // *Weltwirtschaftliches Archiv*. Vol. 137. No. 1. P. 1–35.
- Hufbauer G. et al. (2007) *Economic Sanctions Reconsidered: Third Edition*. Washington DC: Peter G. Peterson Institute for International Economics.
- Ishchukova N., Smutka L. (2013) *Revealed Comparative Advantage of Russian Agricultural Exports* // *Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis*. Vol.61. No. 4. P. 941–952.
- Kittová Z. et al. (2014) *Alternatívy vývoja európskej integrácie 2. preprac. a dopl. vyd.* Bratislava: Vydavateľstvo EKONÓM.
- Krivorotko I. (2017) *The Competitive Position of Russian Federation and Problems in Foreign Trade in Agricultural Products* // *Agro-food Economy*. Vol. 7.
- Kuznetsov N., Iurkova M., Shibaykin V. (2016) *Interaction and Influence of Investment Process Stimulating Factors in Agriculture on the Main Trends in the Development of the Agricultural Sector in Russia* // *Economic Annals-XXI*. Vol. 158. No. 3–4 (2). P. 26–30.
- Locatelli C. (2013) *EU – Russia trading relations: the challenges of a new gas architecture* // *European Journal of Law and Economics*. Vol. 39. No. 2. P. 313–329.
- Maitah M., Kuzmenko E., Smutka L. (2016) *Real Effective Exchange Rate of the Rouble and Competitiveness of Russian Agrarian Producers* // *Economies*. Vol. 4. No. 4.
- Marinov N. (2005) *Do Economic Sanctions Destabilize Country Leaders?* // *American Journal of Political Science*. Vol. 49. No. 3.
- Nossal K. (1989) *International Sanctions as International Punishment* // *International Organization*. Vol. 43. No. 2.
- Ružeková V. (2013) *Liberalizácia svetového obchodu: význam a účinky regionálnych dohôd (na príklade Európskej únie a Kanady)* // *Ekonomický časopis roč.* Vol. 61. No. 9. P. 963–982.
- Tsyngueva V. (2016) *Current State of Agriculture in Russia* // *Economy and Business: Theory and Practice*. Vol. 5. P. 196–201.
- Zábojník S., Hamara A. (2015) *Zahraničnoobchodné sankcie medzi EÚ a RF a ich vplyv na ekonomickú výkonnosť krajín EÚ11* // *Studia commercialia Bratislavensia*. Vol. 8. P. 275–291.