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МАРКЕТИНГОВОЕ ЭКСПРЕСС-ИССЛЕДОВАНИЕ СОСТОЯНИЯ СОВРЕМЕННОГО ЭКСПОРТА ПШЕНИЦЫ НА МИРОВОМ РЫНКЕ

MARKETING EXPRESS RESEARCH OF A CONDITION OF MODERN WHEAT EXPORT ON THE GLOBAL MARKET

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Аннотация. Экспорт пшеницы для многих предприятий (хозяйствующих субъектов) представляет собой доходный бизнес. Бизнесменам интересен данный вопрос, поскольку основная цель бизнеса есть получение прибыли. С макроэкономической точки зрения экспорт пшеницы является одним из прибыльных вариантов диверсификации экспорта, позволяющий получать экспортную валютную выручку (приток иностранной валюты), что позитивно для условий функционирования внутреннего валютного рынка страны. Однако высокая волатильность, детерминирующая ценовые флуктуации, предопределяет необходимость изучения тенденций глобального рынка пшеницы. Как свидетельствуют многочисленные источники, существует определенное число экспортеров пшеницы, которые занимают прочные позиции на рынке пшеницы. Но новые участники (игроки) появились в последнее время. Возрастающая конкуренция также заставляет исследователей обратиться к этой тематике. Существуют многочисленные источники информации относительно мирового рынка пшеницы, экспорта пшеницы. Однако данные этих источников несколько противоречивы, что заставляет исследователей изучать этот вопрос.

В статье автор статьи предпринимает попытку оценить возможности разных стран в части экспорта пшеницы на основе исследования определенного перечня научных первоисточников. Информация о мировых ценах на зерновые ($/т) за период 2014-2015 годы Комитета по общей организации сельскохозяйственных рынков явилась отправной точкой исследования. Автор статьи характеризует основных экспортеров пшеницы на современном этапе. Автор статьи обобщает полученные данные и систематизирует информацию. Автор статьи обосновывает перспективы развития экспортных возможностей некоторых стран.

Resume. Wheat export for many enterprises (business entities) is a profitable business. Businessmen are interested in this issue, because the main purpose of business is a profit. From a macroeconomic point of view, the export of wheat is one of the lucrative options for export diversification, which allows to obtain export revenue (inflow of foreign currency), which is positive for the operating conditions of the domestic foreign exchange market in the country. However, the high volatility determines price fluctuations, predetermines need to study the trends of the global wheat market. Numerous sources indicate that there are a number of exporters of wheat, which has strong positions in the wheat market. But new participants (players) have appeared in recent years. Increasing competition also forces researchers to address this topic. There are numerous sources information concerning the world wheat market, the export of wheat. However, data of these sources are slightly contradictory, forcing researchers to study this question. In the article the author attempts to evaluate the possibilities of different countries in terms of exports of wheat on the basis of certain list of scientific sources. Information about world cereal prices ($/t) 2014-2015 in accordance with Committee for the Common Organization of Agricultural Markets was the starting point of the study. The author describes the main exporters of wheat at the present stage. The author summarizes the data and systematizes information. The author substantiates the prospects for the development of export capacity of wheat by some countries.

Ключевые слова: население мира, увеличение, сложность, экспорт, совокупный спрос, платежный баланс, источник, приток иностранной валюты, микро уровень, цена, рынок, естественная цена, текущая цена, рыночная цена, финансово-экономическая ситуация в сельском хозяйстве, мировые цены на зерновые, США, Канада, Аргентина, Австралия, ЕС, пшеница, мировой рынок пшеницы, диаграмма, метрические тонны, ОСП, ЕСГФ, ЕСФСР

Key words: the world's population, increase, a complexity, export, aggregate demand, the balance of payments, a source, foreign exchange inflows, the micro level, the price, market, natural price, the actual price, the market price, the diagram, metric tons, financial and economic situation in agriculture, world cereal prices, the US, Canada, Argentina, Australia, the EU, wheat, global wheat market, CAP, EAGF, EAFRD.

Introduction

According to ancient legend, the goddess of fertility Demeter gave people the grains of wheat. People planted these seeds into the ground and raised wheat, made flour and then baked bread. From these times of people's lives is inextricably linked to wheat. In the context of worsening food problem, the production of wheat takes an extremely important character. Some experts argue that the 852 million people are starving in the economically undeveloped countries, mainly in Africa. The world's population will increase by another 2 billion in 2030 according to some estimates. There is a complexity to feed everyone. The role of the wheat grows, as bread is the basis of ration of many people.

Theoretical background

Export of raw materials and products has always been a profitable business.

From a macroeconomic point of view, the export of goods, services, results of intellectual activity stimulates the growth of GDP of a country and provides funding for GDP growth due to income from a foreign country. Export of goods, services, results of intellectual activity helps to create new jobs and promote the growth of aggregate demand. Export of goods, services, results of intellectual activity has a positive effect on the balance of payments, because export becomes a source of foreign exchange inflows into the country. At the micro level, the exporter receiving an export currency earnings, spend it on investments, payment of relevant accounts, finances its current needs.

Experts in the sphere of functioning of agriculture in Russia noted the following problems:

- technological backwardness of domestic agriculture from analogues of foreign countries because of the low level of income of farmers to modernize;
- stagnation engineering for agricultural sector of the country;
- increasing monopolization of trade networks, which limits access to the market of agricultural producers;
- insufficient pace of social development of rural areas;
- demographic decline;
- outflow of able-bodied population, especially young people.

“When the price of any commodity is neither more nor less than what is sufficient to pay the rent of the land, the wages of the labor, and the profits of the stock employed in raising, preparing, and bringing it to market, according to their natural rates, the commodity is then sold for what may be called its natural price.

The commodity is then sold precisely for what it is worth, or for what it really costs the person who brings it to market…

The actual price at which any commodity is commonly sold is called its market price. It may either be above, or below, or exactly the same with its natural price.

The market price of every particular commodity is regulated by the proportion between the quantity which is actually brought to market, and the demand of those who are willing to pay the natural price of the commodity, or the whole value of the rent, labour, and profit, which must be paid in order to bring it thither” [Smith, 1776]. Smith was one of the first marketers whose thoughts are relevant today. The market price is key point for a wheat exporter. There are two fundamental factors, which influence at the market price of wheat — supply and demand. Scientists have developed the law of supply and demand in detail. A list of papers is significant: Brownlie A.D., Lloyd Prichard M. F. (1963), Fleeming Jenkin (1870), Garegnani.P. (1970), Harrington, David (2013), Kirman, Alan (1992), Mankiw, N.G., Opocher Arrigo and Steedman Ian, (2009), Smith, Adam (1776), Taylor, M.P. (2011), Vienneau, Robert (2005) and the others.

Researchers Y.F. Lachuga and A.M. Bondarenko noted a serious problem: “At the present time in Russia 115600000 hectares of arable land (to the level of 1990), we have 469000 tractors, while, for example, in Germany by 11.9 million hectares of arable land are 680000 tractors. Combine harvesters in Russia by 1000 hectare acreage we have 1.9 units, in Germany the Germans have 26 pieces. The following comparisons are illustrative: in the world by 1000 hectare of arable land accounts for 21 tractor (in Russia — 4,1 tractor); harvesters 1000 hectares of grain crops — 6.3 units (in Russia — 1.9 pieces). Consequently, Russia lags behind the world level on the number of tractors per 1,000 hectares of arable land of more than 5 times, the number of combine harvesters - by 3.3 times” [Lachuga et al., 2013, p.4]. This information indicates the technological gap. “Severe financial and economic situation in agriculture sharply reduced demand for machinery, fertilizer and other materials. The difficult financial and economic situation has led to the paralysis of many businesses. During the period from 1985 to 2003, production of tractors decreased by 32.7 times, harvesters — 19.6 times. Hundreds of thousands of people were unemployed” [Miloserdov, 2006, p.4].

We assume that the task of increasing the export of wheat will allow solving the problems partially. Let us consider world cereal prices ($/t) 2014-2015 in accordance with Committee for the Common Organization of Agricultural Markets (Picture 1).

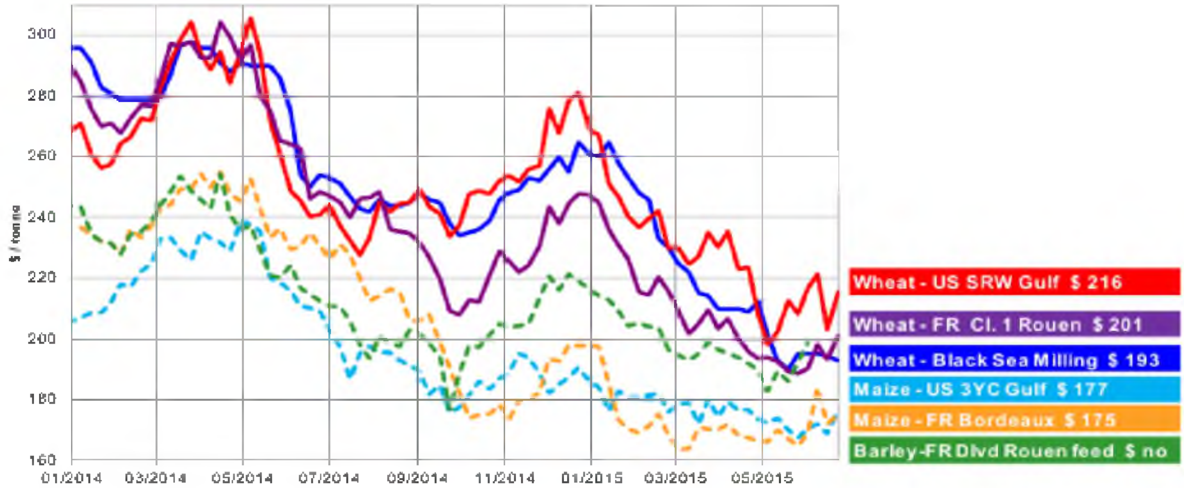

Fig.1. World cereal prices ($/t) [12]

The decline of world cereal prices ($/t) 2014-2015 is obvious. The decline of world cereal prices ($/t) 2014-2015 determines the need for us to ask the question: "What happens with export?" We acknowledge the fact that there are some assessments of the experts. "The agricultural sector has changed remarkably in the past decades. Global agricultural trade has increased significantly and the relative weight of different market segments has changed both in terms of products and destination markets. In addition, new production structures are being used across the world. These changes represent both opportunities and challenges for developing countries. Agricultural trade contributes to growth and poverty reduction. Recent decades have witnessed an increase in global agricultural trade and therefore increased opportunities for exporters of agricultural products. In terms of value, exports of agricultural products nearly tripled between 2000 and 2012... This change was to a large extent driven by the price increases described above. In volume terms, exports increased by around 60 per cent over the same period... There are reasons to believe that agricultural exports will continue to increase in volume terms" [World Trade Report, 2013]. There is another point of view. "Agricultural trade as a share of domestic agricultural production and consumption has also increased in recent decades. The average annual volume growth in agricultural trade between 1950 and 2010 was about 4 per cent and therefore higher than the annual growth in global agricultural production of 2 per cent ..." [Cheong et al., 2013, p.138]. This reflects an increased integration of the agricultural sector into global markets.

We take into account this point of view, although these estimates in 2013. There are opinions in 2014. "An important phenomenon of the past 50 years has been that the share of raw traditional agricultural exports in global agricultural exports has declined significantly, implying that the weight of high value-added agricultural trade has increased. The traditional agricultural exports segment includes cereals (including wheat, rice and maize), beverages (coffee, tea, cocoa), banana and citrus fruit, oilseeds and raw materials (including wood and rubber). Until the mid-1980s, raw traditional agricultural products represented around 40 per cent of total trade in agricultural goods. In the following decade, the share dropped sharply by over ten percentage points. Processed agricultural products (which include processed traditional export products) now represent over 60 per cent of total exports of agricultural goods" [World Trade Report, 2014]. This is an interesting point of view. Indeed, replacing the share of exports of raw traditional agricultural products by processed agricultural products, we are increasing the value of exports. In addition, new jobs appear in the exporting country. Therefore, this trend is useful at the micro level and macro level.

Research method

There are many players in the global wheat market today. Experts agree that at the present time the world market of grain (wheat, corn, rice, oats, buckwheat, peas, barley) is controlled by five major exporters: the US, Canada, Argentina, Australia, the EU. The total supply of grain exports from the basic "five" exporters account for more than ¾ of total world trade. Experts assigned to the US the leading position in the grain market. "The United States is the third largest producer of wheat in the world. On average, the United States produces 62,550 TMT of wheat. The United States is the fourth largest consumer of wheat, on average consuming 35,704 TMT. The United States imports, on average, 2,584 TMT and it exports 28,547 TMT, making the U.S. the largest wheat-exporting nation in the world" [19]. The US is the largest exporter of the grain. One-third of US acreage is sown for the sales abroad specifically. Corn, wheat keeps leading position among grain crops in the United States, much of which is exported.

Canada is a major player in the global wheat market also. Canada is a well-known exporter of wheat with a reliable reputation. "Canada, on average, produces 25,717 TMT of wheat, making the nation the sixth largest producer of wheat in the world. Based on the average, Canada consumes 7,922 TMT of wheat. Of this amount, 163 TMT were imported, making Canada the forty-seventh largest importer of wheat. Canada exports an average of 18,385 TMT ranking them second in world exports" [19]. Wheat is one of the most exported of Canadian goods. Canadian wheat is used for bread-making purposes as a rule, because of its superb characteristics. Previously, the average rate of duty for the agricultural products exported from Canada to the EU amounted to 13.9%. Canadian agricultural export to the EU amounted to an average of 2.5 billion Canadian dollars (2.3 billion USD) annually. Canada has reached an agreement with the European Union (EU) concerning free trade. According to the content of the agreement Canadian wheat export is duty-free. This agreement will increase the Canadian wheat export to the EU in 2014-2021.

Australia is one of the world's largest producers and exporters of grain crops. "Australia is the seventh largest wheat producer in the world, averaging an annual production of 19,290 TMT. Australia's consumption average is 4,504 TMT. This makes them the world's twenty-fifth largest consumer. Australia has average imports of a minuscule 51 TMT. On the other hand, exports average 14,936 TMT, which is over 75% of their total production, and makes Australia one of the largest exporters of wheat in the world" [19]. Wheat has the greatest value among the crops in Australia. The area sown to wheat in an average range of 11-13 million hectares. The share of wheat accounts for more than half of the acreage. A yield of wheat varies from year to year depending on climatic conditions and is 1-2 tons per hectare. Winter wheat prevails among sorts of wheat in Australia, although it is very sensitive to drought. The average wheat yield in Australia is 10-26 million tons. Australian Exports of wheat is 7-18 million tons per year.

The European Union is one of the leaders in the part of production and exports of wheat. According to Euro stat regional yearbook 2014: "In 2012, an average of 63.4 tons of cereals was harvested per km^2 across the EU. Cereals production in Europe thrives in lowland regions that are characterized by large plains, with a temperate climate and relatively modest levels of rainfall. The most concentrated areas of cereals production included northern France, eastern England, Denmark, northern Germany, most of Hungary and southwest Poland. There were 42 regions across the EU which had a level of cereals production that was at least 120.0 tons per km^2" [6]. Definitely, wheat is one of the most important outputs of agricultural sector in the European Union.

We distinguish two important factors in the export policy of the European Union: the CAP and The Europe 2020 strategy. "Common agricultural policy (CAP) Significant reforms of the CAP have taken place in recent years, most notably in 2003, 2008 and 2013. These have sought to make the EU's agricultural sector more market-oriented, ensure that safe and affordable food continues to be produced, while respecting environmental and sustainability concerns. The reforms of 2003 introduced a new system of direct payments — income support farmers receive through the CAP — known as the single payment scheme. This aimed to guarantee farmers more stable incomes.

The CAP is financed by two funds: on the one hand, the European Agricultural Guarantee Fund (EAGF) finances direct payments to farmers, as well as measures to respond to market disturbances; on the other, the European Agricultural Fund for Rural Development (EAFRD) finances the rural development programme (see below for more details).

The Europe 2020 strategy has introduced seven flagship initiatives to act as new engines to boost growth and jobs. One of these initiatives is the innovation union, which includes a set of European innovation partnerships (EIPs). EIPs act across the whole research and innovation chain, bringing together all relevant actors at EU, national and regional levels. The agricultural EIP (EIP-AGRI) was launched in February 2012 by a European Commission communication, titled European innovation partnership on agricultural sustainability and productivity (COM (2012)). The main aim of the agricultural EIP is to speed up the transfer of R & D from the laboratory, focusing on partnerships to link farmers, researchers, advisors, businesses, non-governmental organizations, and other actors in operational groups"[6]. It will be interesting to learn about the place of the European wheat exports in the total volume. We will explore this later. Germany and France are the main exporters of wheat. "Germany is the eighth largest producer of wheat in the world, averaging an annual production of 19,203 TMT. Of this amount, Germany consumes 15,868 TMT, ranking them as the eighth largest consumer of wheat in the world. Average imports for Germany are 1,856 TMT, and average exports are 5,390 TMT, making

Germany the sixth largest wheat exporter in the world" [19]. Chris Lyddon estimates Germany's total grains production for 2014-15:" Germany is the European Union's biggest member state, in terms of population and the size of its economy. It's a big grains producer and a big market. As an E.U. member, its farming is part of Europe's Common Agricultural Policy and is affected by E.U. rules and E.U. market management. Although German companies are big players in technical terms, particularly in plant breeding and agrochemicals, German consumers tend to have an aversion to mixing technology and food, making Germany an opponent of biotech in agriculture and a big market for organic products. The International Grains Council (IGC) puts Germany's total grains production for 2014-15 at 52 million tons, compared with 47.5 million the year before. The IGC estimates wheat production in 2014-15 at 27.8 million tons, up from 24.9 million"[Lyddon, 2015].

Some experts estimate the possibility of France to export wheat: "France is the fourth largest producer of wheat in the world and the largest producer of wheat in Europe. The average production of wheat in France is 35,062 TMT, with 18,467 TMT of this amount being consumed domestically in France. This makes France the sixth largest consumer of wheat in the world. Over the past five years France has, on average, imported 1,094 TMT of wheat. France is the third largest exporter of wheat in the world, averaging an exportation of 17,343 TMT of wheat" [19]. Alsace, Nord - Pas-de-Calais and Picardie are the famous French regions with the highest production of wheat per km^2. Manufacturers produce high quality flour from French wheat.

The UK export potential of wheat depends on the quality of the UK harvest, though the large part of the wheat used by UK flour millers is home-grown. "The United Kingdom is the twelfth largest producer of wheat in the world, averaging an annual production of 15,114 TMT. The United Kingdom is ranked eleventh in the consumption of wheat, consuming an average of 12,698 TMT. The U.K has average imports of 1,432 TMT of wheat and average exports of 3,821 TMT" [19].

Argentina is one of the world's leading producers and exporters of wheat. "Argentina is the thirteenth largest producer of wheat in the world. On average they produce 13,600 TMT of wheat. Argentina's consumption average is 4,413 TMT. Argentina averages 33 TMT of imports, while exporting 9,238 TMT of wheat. This makes Argentina the fifth largest exporter of wheat in the world" [19]. In Argentina, the area under wheat is 4-6 million hectares. The yield is 2-3 tons per hectare. Export is 4-12 million tons.

The territory of India is about 3.3 million km^2. India is rich in natural resources. "India is second largest producer of wheat in the world, averaging an annual production of 65,856 TMT. On average, India consumes 65,283 TMT of wheat, ranking them as the second largest consumer of wheat in the world. India does not produce enough wheat to be self-sufficient. So, to make up the difference, India imports. On average, India imports 990 TMT of wheat, and, for various reasons, exports an average of 767 TMT of wheat" [19]. India is an industrial and agricultural country. India's population is about 1 billion people. Most of the population lives in rural areas. Agriculture in India plays an important role for the economic development of the country, 2/3 of the working population is employed in agriculture.

China has become a nuclear and space power. The economy remains multistructural. Ethnic Chinese, living abroad, investing in the Chinese economy actively. "On average, China produces 108,712 TMT of wheat annually. This makes China the world's largest wheat producer, producing 42,856 TMT more than India, the world's second largest wheat producer. However, China also has a population of over 1.2 billion people, and domestic consumption in China averages 112,501 TMT. China is the world's seventh largest importer of wheat, importing an average of 4,247 TMT of wheat" [19].

Russia accounts for 10% of all arable land in the world. Most of the area is used for wheat. "Russia is the fifth largest producer of wheat in the world, averaging an annual production of 34,656 TMT. Russia is the third largest consumer of wheat in the world, consuming an average of 38,011 TMT. Russia also imports an average of 3,187 TMT of wheat, making Russia the ninth largest importer of wheat in the world. Furthermore, on average, Russia exports 78 TMT of wheat" [19]. In Russia, the total wheat yield averages 34-51 million tons annually. A Russian wheat export is 8-15 million tons per year.

Agricultural production in Ukraine occupies a fifth of the national income. Crop and livestock production are two main areas in the structure of agriculture. "The Ukraine is the eleventh largest producer of wheat in the world, averaging an annual production of 15,330 TMT. On average, the people of the Ukraine consume 14,112 TMT of wheat per year, ranking them as the tenth largest consumer in the world. The Ukraine imports 272 TMT on average, and exports an average of 1,582 TMT" [19]. Winter wheat occupies more than half of the structure of grain production in Ukraine. The area sown to wheat is 5-7 million hectares. The yield is 2-3 tons per hectare. Ukraine exports 1,7 million tons of wheat a year.

Grain is the main economic branch of agriculture in Kazakhstan. Total grain crops occupy more than 80% of the sown area of agricultural crops. "On average, Kazakhstan produced 8,606 TMT of wheat. The people of Kazakhstan consume 4,830 TMT of wheat. Kazakhstan's average imports and exports are 20TMT and 3,710 TMT respectively. Kazakhstan's exports rank eighth in the world" [19]. Kazakhstan produces 13-20 million tons of wheat annually. Spring wheat occupies over 3/4 of grain crops. The total sown area for wheat is 12-13 million hectares. The growth of wheat production increases the volume of its implementation. Kazakhstan exports of 3-8 million tons of wheat annually.

Iran, Nigeria, Pakistan, Poland, South Africa, Turkey, Uzbekistan are exporters of wheat also.

Results

We summarize the information in the diagram (Picture 2). Picture 2 is compiled according to the information of the United States Department of Agriculture. MT means metric tons. Metric tons are disposed on the ordinate (ordinatus).

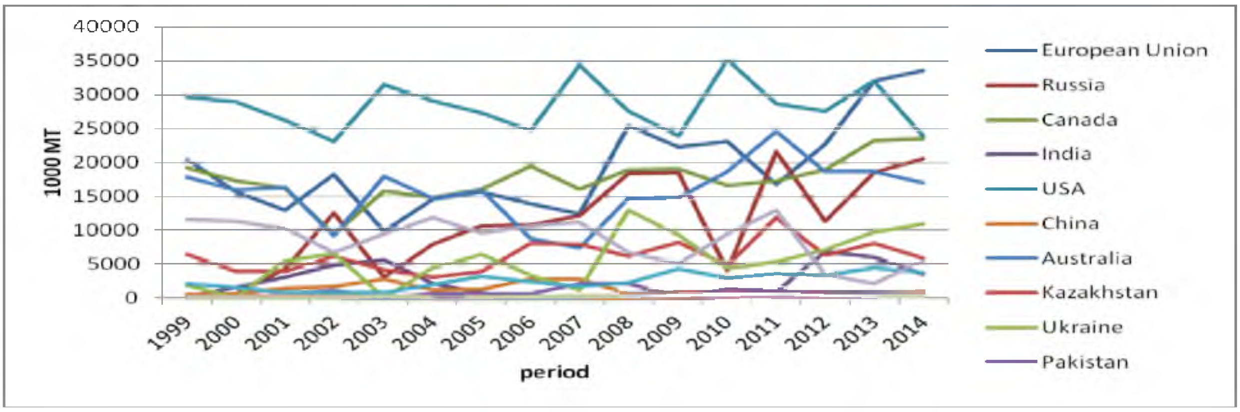

Fig.2. Wheat Exports by Year

The year of assessment is 2014. According to it, the European Union takes the first place in the sphere of wheat export, the United States of America takes the second place in the sphere of wheat export, Canada takes the third place in the sphere of wheat export, Russia takes the forth place in the sphere of wheat export, Australia takes the fifth place in the sphere of wheat export, Ukraine takes the sixth place in the sphere of wheat export, Kazakhstan takes the seventh place in the sphere of wheat export, Argentina takes the eighth place in the sphere of wheat export, Turkey takes the ninth place in the sphere of wheat export, India takes the tenth place in the sphere of wheat export.

Conclusions

The perspective is a key point of wheat export. The information spoken above gives us some grounds to say that some countries have the advantages. This fact is interesting due to competition. We would distinguish the European Union and Canada. They have some opportunities to increase the wheat export in short term period and long term period. The nature of these advantages is the same. More over there is a connection between them. There is a clear goal of agricultural development in the European Union determined by the Europe 2020 strategy. It is important from the strategic point of view. And the other aspect is CAP (Common agricultural policy). The most effective measure is applying EAGF (the European Agricultural Guarantee Fund) and EAFRD (the European Agricultural Fund for Rural Development). Without them these advantages are declarations. The financial mechanism (EAGF and EAFRD) will allow European Union to increase wheat export. Canada has some advantage also. Canadian wheat export is duty-free in accordance with new agreement between the European Union and Canada. Russia is the forth (not the fifth) largest producer of wheat in the world.

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