

Regional aspects of the international development of the confectionery industry for the border areas of the Far Eastern region

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Abstract. Ensuring the production of high-quality and competitive products is a strategic task of the national economy, on which the pace of industrial development of the country and its national prestige depend. One of the highly competitive industries in the Russian Federation is the confectionery industry, which produces a large range of confectionery products. In modern conditions of growing competition, the confectionery market must be flexible and be able to adapt to the consumer. To effectively regulate the production of confectionery products, it is necessary to analyze the production volumes of these products for a long time, as well as to estimate consumption volumes. Today it is very important for the Russian economy, in particular for the enterprises themselves, to establish the level of exports and imports of confectionery. The article discusses in detail the volumes of consumption and import of various segments of confectionery products produced in the Russian Federation. Due to its convenient geographical location, the import of confectionery products is carried out across the transboundary territories of the Far East, which contributes to the development of strong international economic relations between Russia and China.

Keywords: confectionery products, confectionery market, industrial development, economy

1. Introduction

Confectionery products are an important component in the diet and are among the favorite products that enjoy the ever-growing demand of all segments of the world's population [1]. Ensuring the production of high-quality and competitive products is a strategic task of the national economy, on which the pace of industrial development of the country and its national prestige depend [2]. One of the highly competitive industries in the Russian Federation is the confectionery industry, which produces a large range of confectionery products. In modern conditions of growing competition, the confectionery market must be flexible and be able to adapt to the consumer. To effectively regulate the production of confectionery products, it is necessary to analyze the production volumes of these products for a long time, as well as to estimate consumption volumes. Today it is very important for the Russian economy, in particular for the enterprises themselves, to establish the level of exports and imports of confectionery. Analyzed per capita consumption of confectionery [3]. The article presents an analysis of the Russian confectionery market for 2013-2018. The main manufacturers and types of their products are considered.

2. Materials and Methods

The materials and research methods in this article include the interpretation of data from the Federal State Statistics Service on consumption, export and import of confectionery products, including to China. Systematization and analysis of the data are made in the paper, following up by their relationship with the data published in periodicals.

3. Results

At present, the confectionery products presented on the Russian market can be divided into the following groups: chocolate, sugar confectionery, and flour confectionery (long-term and non-durable storage). Chocolate and sugar confectionery dominate in the structure of Russian production: According to preliminary data, their share will be 49.9% of the market in physical terms by the end of 2018. Long-term flour confectionery products (cookies, gingerbread, gingerbread, sweet cookies, waffles, and other products) will occupy 41% of the total production structure. And the proportion of non-durable pastry flour confectionery products will be 9.2%.

In 2018, the Russian confectionery market experienced a real take-off: all key indicators (consumption, production, sales, exports) increased and set new records. If during 2017, the effects of the crisis still made themselves felt, then in 2018, even the deterioration of the economic situation and the decline in consumer sentiment in the second half of the year did not have a negative impact on the results of the year as a whole. However, this potential may not be enough for a long time. While maintaining the current state of affairs in the economy from the current 2019, one can hardly expect such brilliant indicators as they were in the past year. The per capita consumption of confectionery in 2018 was set at 24.6 kg per year per person. This is the highest figure in the entire history of observations, but it has not changed much compared to the previous year 2017 (24.5 kg per year per person). The consumption of sweets began to increase not so much in volumes as in spending. If in 2017, the expenses for sweets of the average Russian consumer per year were about 7100 rubles, in 2018 they increased to 7450 rubles. And the increase in prices is almost nothing to do with it. During 2018, in the aggregate, all types of confectionery products increased in price by less than 1%. The main reason is that consumers gradually stopped saving and began to switch to more expensive types of confectionery, such as chocolate. The consumption of chocolate confectionery products increased from 5 to 5.1 kg per year per person (the minimum figure in recent years was 3.9 kg in 2015) [4].

Chocolate confectionery products remain one of the most popular types of sweets, and after almost three years of savings, consumers willingly began to return to their previous consumer habits. Flour confectionery products (long shelf life) remain the most sought-after type of sweets among consumers. The consumption of cookies, waffles, gingerbread, and similar sweets in 2018 reached 9.7 kg per person per year, but it increased slightly compared to last year's levels (9.6 kg in 2017).

At the same time, the consumption of fresh pastries, or rather cakes with pastries, decreased from 2 kg in 2017 to 1.9 per person per person in 2018 [5]. This stagnation continues in the segment of sugary confectionery, where the total consumption remained almost unchanged and amounted to 7.9 kg (including caramel) per person per year. In 2019, one can hardly expect an increase in consumption and expenditure of sweets due to rising prices and increasing tax burden. And if in 2018 the main difficulties in the economy occurred in the second half of the year and were smoothed out by the traditional pre-New Year boom, then this year, at least in the first half of it, the entire deferred consumer negative would affect the market performance.

The dynamics of growth in prices for confectionery in Russia during 2018 was at the lowest levels since the beginning of the crisis. However, by the end of the year, the state of the economy, the depreciation of the ruble began to affect the dynamics of consumer prices. If during the year the total increase in prices for sweets did not exceed 1%, then in December 2018 all types of confectionery products went up by 1.3 %. The greatest contribution to the rise in prices in the past year was made by the flour confectionery, which, until recently, on the contrary, held back this dynamic. In 2019, the rise in retail prices for sweets is likely to accelerate due to negative processes in the economy that began in the second half of 2018. There will also be an increase in tax burden. According to the results of 2018,

an increase in the production of confectionery products in the whole country is expected at the level of 3.6% to 3.76 million tons. In many ways, this dynamic was facilitated by the improvement of the situation in the segments of flour and chocolate confectionery products, growing following the growth of consumption of this type of sweets. Also, growth was affected by the continued increase in export sales. In 2018, the confectionery market formed a very favorable environment for pastry chefs in recent years – the consumption of sweets and spending on them increased (its demand shifted in favor of more expensive types of confectionery). In addition, prices for many types of the main confectionery raw materials were at fairly low levels, which had a positive effect on the cost of production. In 2019, the production growth is likely to continue, although not in such a dynamic as it was last year. And if domestic consumers, most likely, did not increase spending and consumption, then the Russian players would still be extremely interested in increasing export supplies. In 2018, a new record was set for the supply of Russian confectionery products for export in physical terms. (During 2016-2017 [6], Russia successively set the record for the export volumes of sweets for export in natural terms twice) (Figure 1).

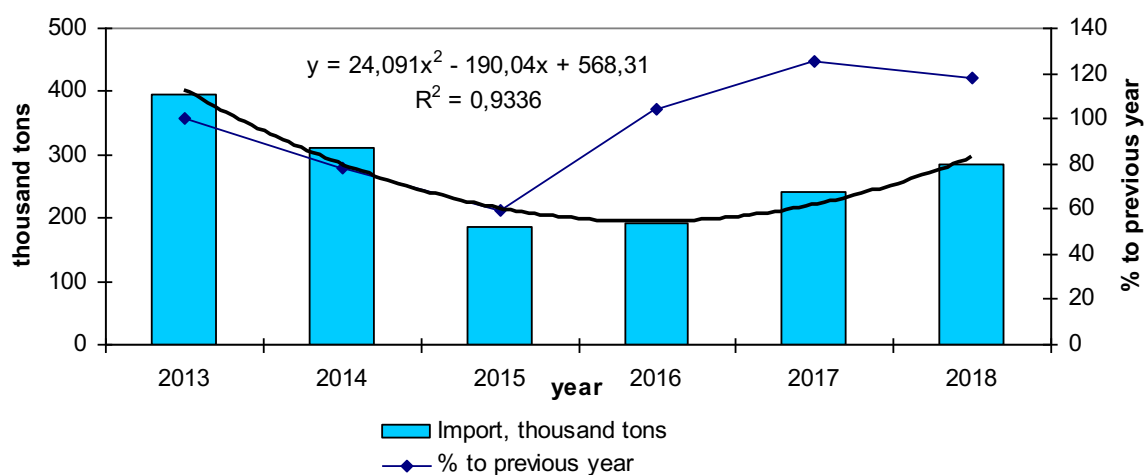


Figure 1. The confectionery production infogram [7,8].

Exports of Russian sweets in 2018 increased by 11% (compared with 2017) to 478.6 thousand tons in the amount of \$1.1 billion. The chocolate confectionery in sweets sales for exports accounted for the largest share, it was about 50% [9]. Moreover, about a quarter of all chocolate confectionery produced in Russia is exported, and in the world Russian chocolate is sold in more than 60 countries, from neighboring Belarus and Kazakhstan, to China, the USA, Chile, Australia, or some African countries. During the past 2018, the situation with the consumption of sweets was very favorable for imported confectionery products [10]. Last year, it is expected that the increase in the supply of foreign sweets will amount to 18% to 286 thousand tons for an amount of about \$900 million [11]. Among all imported sweets, about half supplied to the Russian market are the chocolate confectionery products, most of which come from Germany and others EU countries.

4. Discussion

In 2018, China imported 10.6 thousand tons of chocolates from Russia (without alcohol), which was 28% more than in 2017. The value of Russian exports of chocolates to China amounted to \$24.5 million. China is the second largest market for this type of Russian products. In 2015, China was the seventh and tenth largest buyer of Russian chocolate and flour confectionery products. Respectively, it became the second export market for the Russian chocolate producers and the third one for the flour confectionery manufacturers in January 2016. The turnover of confectionery in these two countries is

developing at an enormous pace, which contributes to the development of the production segments of the two countries in this direction.

5. Conclusion

Thus, we can conclude that in recent years, the Russian confectionery market has been characterized by an increase in the pace of its development. In the medium term, the Russian confectionery market will not undergo major changes. In the context of the already recorded recovery processes, it will show an increase of 1-2 % annually.

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