

# A Potential of Import Substitution of Muslim Goods in Russia

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**Abstract**—An analysis of current trends in the development of the Russian economy allows to state the complication of economic ties in Russia and the world. It causes a need of more profound specialization of the industry markets, depending on various criteria signs. One of such is the confessional membership of market participants, which is a consequence of the revival of religious traditions, as the answer to the growing influence of globalization. The muslim goods market in Russia is the new but already rapidly developing market, therefore an effective growth is impossible without working out its basic aspects, as well as the emergence of competitive enterprises. However, today there are a number of problems which domestic businessmen face. The scientific solution of existing and emerging problems covers a wide range of tasks, and their successful solution can result to serious positive results. Considering a geopolitical position of Russia at the present stage, it is important to determine the potential for import substitution of muslim goods in Russia. It will allow to assess a necessary resource for satisfaction of demand of the population and also possible economic effect for the state. For this purpose the calculation of an import of the halal meat and the muslim clothing from islamic countries is made based on official data, as the most developed segments in the muslim goods market in Russia. The received result can be used in further research and practical activities.

**Keywords**—Import substitution, Market of muslim goods, Halal, Islam.

## I. INTRODUCTION

Russia faces new tasks due to difficult geopolitical situation, one of which is import substitution. This task looks quite real in the muslim goods market. However, it is still unclear what is the potential for the growth of the Russian muslim goods market due to the import substitution, because there are no economic calculations.

We studied in detail the specifics of economic restrictions in Islam in previous science articles [7, 8], and we analyzed the muslim goods in the Russian market [6, 9]. It is important to note that a new generation of Muslims tries to adhere to religion, considering globalization processes [1]. At the same time, about 60% of Muslims are under the age of 30 [3], which means that in the next decade the market will grow rapidly.

All this, despite the fact that, according to the results of one of the questionnaires, 27% of the interviewed Muslims do not know about the concept of halal [12]. Therefore the potential of the import substitution of muslim goods in Russia will be calculated in this article.

## II. RESEARCH PARTS

It is necessary to study dynamics of the share of import goods in the retail trade turnover of Russia for the purpose of analyzing opportunities of the import substitution (see Fig. 1).

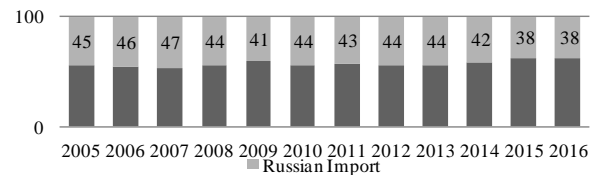


Fig. 1. The structure of the retail trade turnover in Russia for 12 years by geography of producers, %.

The analysis showed that there has been a decline in the share of import in the retail trade resources of Russia in recent years. This indicator was equal to 38% in 2016. So that I can determine how many of them are muslim goods, I will analyze the data in Table 1.

TABLE I. RUSSIAN IMPORT, USD MILLION

Region	2013	2014	2015	2016	Growth rate, %
A	1	2	3	4	5 (4 : 1 · 100)
1. Europe	132,555	117,234	69,346	68,947	52.0
2. America	24,964	25,928	16,681	15,312	61.3
3. Asia	97,394	89,723	59,867	61,991	63.6
3.1. including muslim countries	8,502	7,593	4,803	3,026	35.6
4. Africa (muslim countries)	1,181	1,305	1,003	1,074	90.9
5. Australia and New Zealand	1,053	914	693	618	58.7
6. CIS countries	38,988	33,287	21,210	19,543	50.1
6.1. including muslim countries	8,160	9,158	6,126	5,390	66.1
7. Total	296,135	268,391	168,799	167,485	56.6
7.1. including muslim countries	17,843	18,056	11,932	9,491	53.2
8. The share of muslim	6.0	6.7	7.1	5.7	x

The analysis showed that the import of goods to Russia from the considered countries for 4 years decreased by 43.4%. At the same time, the import with muslim countries decreased in 2016. As a result, the share of import of muslim goods was 5.7% in 2016 in the total structure of russian import, which is 1.4% less than in 2015.

Further it is necessary to study the import structure of Russia (Table 2).

TABLE II. STRUCTURE OF RUSSIAN IMPORT, %

Indicators	2013	2014	2015	2016	Absolute deviation
A	1	2	3	4	5 (4 – 1)
The import, including	100	100	100	100	–
1. Machinery, equipment and vehicles	48.5	47.6	44.8	47.2	-1.3
2. Products of the chemical industry, rubber	15.9	16.2	18.6	18.6	2.7
3. Food and agricultural raw materials	13.7	13.9	14.6	13.7	0
4. Metals, precious stones and products	7.2	7.2	6.7	6.5	-0.7
5. Textile products and footwear	5.7	5.7	5.9	6.0	0.3
6. Other goods	4.3	4.4	4.3	3.9	-0.4
7. Mineral products	2.2	2.6	2.7	1.8	-0.4
8. Wood and pulp and paper products	2.1	2.1	2.0	1.9	-0.2
9. Tanning raw materials, furs and products	0.5	0.4	0.4	0.4	-0.1

Machinery, equipment and vehicles occupy the first place in the structure of import of Russia in 2016, food and agricultural raw materials – the third place (13.7%), the textile products and footwear – the fifth place (6). This confirms the data on the dependence of the meat and the clothing markets from the import. At the same time, the range of imported muslim goods is very wide: from a women's clothing to a confectionery.

At the final stage, it is necessary to study the import in the context of 2 groups of muslim goods: a meat and meat products; an outerwear and a footwear.

The import of the meat for 2012-2016 significantly decreased [2] due to international sanctions according to the Federal State Statistics Service (Table 3).

The russian import of the meat amounted to 2,291.9 million US dollars in 2016. Earlier it was calculated that the share of muslim countries in the import was 5.7%, therefore it is possible to make the assumption that the russian import of meat from muslim countries in 2016 was 130.6 million US dollars [2 291.9 × 5.7: 100].

TABLE III. THE IMPORT OF MEAT AND MEAT PRODUCTS IN RUSSIA [5, 11], TON

Goods	2013	2014	2015	2016	Absolute deviation	Growth rate, %
A	1	2	3	4	5 [4 – 1]	6 [4 : 1 · 100]
The meat products	38,272	61,867	19,134	20,253	-18,019	52.9
The fresh and frozen meat	1,288,433	1,015,236	746,797	625,858	-662,575	48.6
The fresh and frozen poultry meat	527,013	454,512	255,185	223,728	-303,285	42.5

As for the import of outerwear and footwear, there has been a decline since 2013, but in 2016 the situation became better (Table 4).

The russian import of outerwear and leather footwear amounted to 6,364 million US. Therefore, it is possible to make the assumption that the russian import of outerwear and leather footwear from muslim countries in 2016 was 362.8 million US dollars [6,364 × 5.7: 100].

TABLE IV. THE IMPORT OF OUTERWEAR AND LEATHER FOOTWEAR IN RUSSIA, USD MILLION [4, 11]

Goods	2013	2014	2015	2016	Absolute deviation	Growth rate, %
A	1	2	3	4	5 [4 – 1]	6 [4 : 1 · 100]
The outerwear	8,190	7,747	5,103	5,261	-2,929	64.2
The leather footwear	2,154	1,855	1,161	1,103	-1,051	51.2
Total	10,343	9,602	6,264	6,364	-3,979	61.5

### III. CONCLUSIONS

Thus, the potential of the import substitution of only the meat-halal and the muslim clothing in Russia in 2016 amounted to \$ 493.4 million. At the same time the main difficulties of development of the muslim goods market in Russia are:

- a lack of scientific research;
- a lack of a well-developed certification system of muslim goods;
- a lack of the uniform program of development of the muslim goods market;
- a lack of a large-scale advertising campaign.

The import substitution looks real in case of solving these problems, but only in the long term.

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