

# Greco-Russian International Trade: Development Prospects in Terms of Regional Integration

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## Abstract

*The trend of active development of regional economic integration is traced throughout the world. Thereby, this article examines the impact of regional integration on the Greco-Russian international economic relations. Also, the author of the article outlined the prospects for the development of socioeconomic relations of these countries on the basis of the trading volume analysis.*

**Keywords:** European Union, trading volume, regional integration, economy, international economic relations.

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*«There are some few countries in the world that would link such a long history of sincere friendship, like Russia and Greece»*

Russian Minister of Foreign Affairs S.V. Lavrov

The friendship between Russian and Greece nations goes deep into the history of these states. Russia cherishes the centuries-old relations based on a solid foundation of cooperation - a common Orthodox culture, intertwined historical past, absence of armed clashes and territorial claims. Diplomatic relations between Greece and Russia were established as far back as 1828 and have not been stopped ever since. But, unfortunately, a number of factors prevent further strengthening of our cooperation. One of them is the active regional integration of Greece into the EU, which does not allow the trade of the two countries to fully develop.

This article will discuss the impact of integration on the Greco-Russian international economic relations, the reasons for main economic indicators drop, as well as the prospects for further trade development between countries.

The relevance of this article is due to the fact that Russia, like Greece, is currently trying to improve its position on the international market and is struggling with the global crisis consequences. A reliable, long-standing economic partner is now needed to develop foreign economic relations more than ever. The most advanced form of international relations is foreign trade. It accounts for about 80% of the total international economic relations volume, according to economists. Therefore, the identification of problems in the relationship begins with the foreign trade volume

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analysis as an important indicator of foreign economic relations development between the two countries.

Status of foreign trade is presented in Table 1 and Figures 1 and 2. According to the annual Federal Customs Service (FCS) report, Russian imports declined to a mark of 213 118 thousand US dollars in 2016. The decline trend of the imports volume has been traced since 2014. This is primarily due to the introduction of sanctions against Russia and retaliatory measures, such as an import embargo for the agricultural products from EU countries and states that supported sanctions against Russian Federation because of the Ukrainian crisis. As a result, Russian export indicators dropped as well. Thus, compared to 2013, exports decreased by 3482843 thousand US dollars in 2016 and amounted to only 2 667 129 thousand US dollars.

#### Foreign trade of the Russian Federation with Greece

( thousand USD )

| Exports   |           |           |           |           |           |           |           |           |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 2008      | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      |
| 4 328 795 | 2 337 603 | 2 852 429 | 4 684 338 | 5 947 562 | 6 149 972 | 3 671 841 | 2 522 880 | 2 667 129 |
| Imports   |           |           |           |           |           |           |           |           |
| 438 944   | 341 721   | 423 230   | 585 828   | 633 917   | 610 420   | 496 067   | 228 657   | 213 118   |

Figure 1.

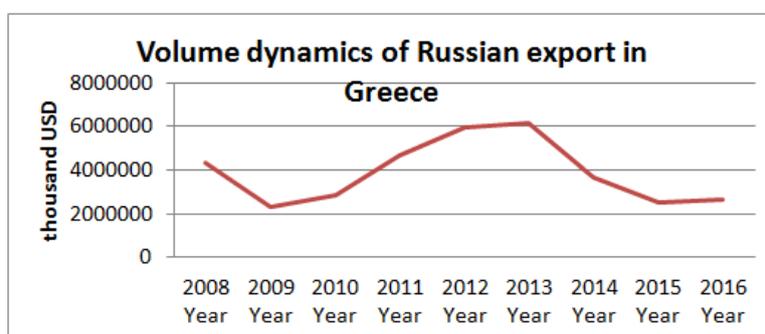
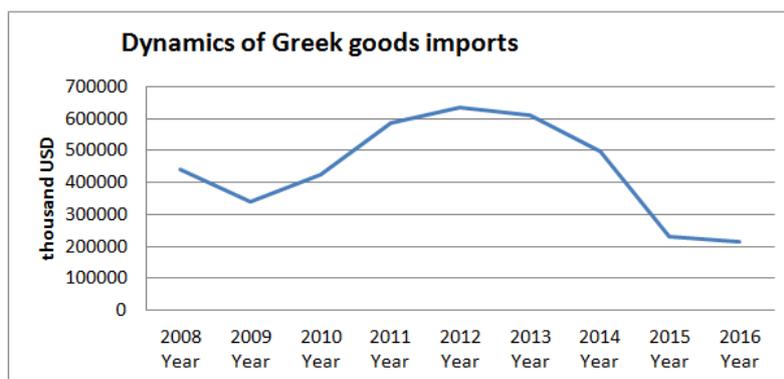


Figure 2.



As a result of the trade turnover dynamics analysis, it was concluded that the abolition of counter-sanctions would contribute to the strengthening of mutual cooperation between the two countries. Unfortunately, it appears very difficult due to the fact that Greece is a member of the regional integration group, which dictates its terms to all member countries. For this reason, Greece bears the burden of Russian anti-sanctions and cannot independently establish relations with Russia without EU approval, although both sides understand that this is unprofitable. Until recently, Greece was a supplier of oil, furs, seafood and fruits. There is a large number of Russian energy, defense and telecommunication companies in Greece. Russian Federation is a major supplier of grain crops.

Ways of solving the problem of the relationship between Russia and Greece were identified on the basis of the conducted research. The most effective way is active cooperation in those areas that have not been affected by sanctions. Also it is worth paying attention to the new international gas pipeline project, under which Greece can become a significant energy center. This can benefit not only Russian Federation, but also Greece, by providing it with a large number of new jobs and, as a result, by reducing unemployment. This project will also attract foreign investment, which is important for the Greek economy.

Thus, it can be concluded that Greece and Russia are starting a new stage in their joint history. States will have to reverse the negative trend in Russian-Greek relations by seeking new joint solutions that will not directly depend on the EU. As Vladimir Putin said: «Friendly Russian-Greek relations are our common heritage, a solid foundation for a promising, future-oriented partnership. I expect that we will continue to build up a multifaceted dialogue and to mutually implement joint plans».