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**TENDENCIES IN MEXICAN-RUSSIAN
ECONOMICAL RELATIONSHIP**

Abstract:

In this article the questions of transformation and strengthening of the Russian-Mexican cooperation at the present stage are considered. The main products for importation and exportation of Russia and Mexico are listed for the branches of industry, agriculture, science and education. The article describes the relationship between Russia and Mexico in tourism and how it can help to improve their economic growth and country development in the next periods. The directions of development of relations in the sphere of tourism are named.

Keywords:

Russian-Mexican economic cooperation, the current state and prospects of development of cooperation in tourism.

The modern world is a complex, dynamic, functional and developed system. Each state in the world is interested in develop their economy and market position in a greater or lesser extent, for getting this result they must coordinate their efforts and understand the importance of the cooperation in the process of this competition and achieving their goals. In the last two decades Russia has faced a

hard way to find the optimal economic model which provides a high level of competitiveness on the world market, guarantees a stable financial environment and takes effective the county development. However, the crisis, the structural shifts in the global economy and the unstable foreign policy situation have complicated the process of reaching before planned.

- According to the author of work [1] the global economic crisis had an impact on the Russian economy in the following areas:
- There was a sharp drop in external demand and prices for basic
- Commodities forming the basis of export potential;
- Decreased domestic demand due to falling incomes of the economy and population;
- Narrowed the supply of imported goods, generates more than one third of the resources the internal market;
- Change the direction of investments — a sharp drop in domestic investment in fixed capital and intensive outflow of capital abroad.

The modern stage of Russian economy development happens in the complex environment of repeated global crisis and changing foreign policy situation.

Aggressive competitors impose several barriers, hindering the development of the Russian economy.

Despite this, the Russian economy presents a strengthened economic cooperation with several countries which includes nontraditional partners for example the United Mexican States (Mexico). Mexico together with Brazil and Argentina are promising trade partners for Russia because of their position among the most developed countries in Latin America.

Russia and Mexico have one hundred twenty five years of diplomatic relations, nevertheless in the last decade are visualized economic results, showing a growing trend in commercial transactions.

The Table 1 [2,3,4,5,6,7, 8] shows the main comparative indicators of Russia and Mexico until the year 2015. First of all, the population from Russia has not a big disparity versus Mexican population even when the Russian geographical territory is eight times larger than Mexican.

Then the GDP indicator which gives an idea about disposal income of the people, in a total result Russia looks better, however in the GDP PPP the difference decreases considerably, thus the cost of living keeps an equality base that means equal conditions for estimating amounts in commerce trade and favorable results reflected in the interchange of goods and services.

Another similarity is the cause of the inflation due to the decrease in the oil price, as a result their economy suffer currency value devaluation and constant fluctuations which produce an increase in the price of the products, public deficit and less expectations in the commerce trade.

Table 1

Main Indicators, Comparison Table between Russia-Mexico.

	Russia	Mexico
Total population	143,457,000	127,017,000
GDP (USD millions)	\$ 1,324,734.00	\$ 1,144,334.00
GDP PPP (USD millions)	\$ 9,243.00	\$ 9,009.00
Exportations (USD millions)	\$ 340,349.00	\$ 380,772.00
Importations (USD millions)	\$ 194,087.00	\$ 405,280.50
Balance Trade (USD millions)	\$ 146,262.00	\$ -24,508.50
Main Trade Partners	Switzerland, United Kingdom, Germany	USA, China, Germany, Japan
Competitiveness Global Indicators	45°	57°
Doing business	51°	38°
Direct foreign investment	Cyprus, Netherlands, Bahamas, Bermudas, Germany.	USA, Spain, Canada, Netherlands
Inflation (%)	6.90%	3%

A major review of the main indicators from Russia and Mexico allows to know more information about how the economy of the countries change over the time, the population level of life and in particular how attractive is the Mexican economy for Russian investment. Furthermore, there are positive indicators in the comparison and fortunately the International Trade is increasing and improving the cooperation relationship.

The Table 2 [2,3,4,5,6,7, 9] shows Mexican Exportations FOB, that are involved with Total world and Total Russia.

The total of the Russian exportations has variated considerably over the periods. Until the moment Mexican economy has a lack benefice, thus is required more stability and solid demand from the Russian market in order to increasing the importance for Mexican food and automotive industry.

Table 2

Comparison Mexican Exportations FOB, to Total World versus to Total Russia

Year/ Period	2006	2010	2011	2012	2013	2014	2015
World Total Exportation (USD Thou- sands)	249,925	298,473	349,433	370,769	380,015	396,911	380,622
Russian Exporta- tions (USD Thousands)	44,188	237,463	471,243	490,907	472,636	274,155	200,252
%	0.01768	0.07955	0.13485	0.13240	0.12437	0.069072	0.052611

It is necessary to make a comparison with other countries in order to value the importance of Russia for Mexican economy.

It is also considered that exportations to Russia will have an unlimited impact period for the Mexican market due to an inbound of Mexican companies in the Russian region, thus it represents a contribution to the economy, consequently guarantees big deals and the chance grow with a wide-scale of opportunities for promotion.

The Table 3 [2,3,4.5,6,7, 10] demonstrates Mexican Importation FOB between Total world and Total Russia.

Table 3

Comparison Mexican Importations FOB, from Total World
versus from Total Russia

Year/Peri- od	2006	2011	2012	2013	2014	2015
World Total Im- ports (USD Thou- sands)	255,384,6	348,826,5	370,679,0	379,976,8	396,557,7	397,205,7
Russian Imports (USD Thousands)	501,555	1,182,582	1,170,605	1,187,306	1,500,614	1,517,611
%	0.196391	0.3390171	0.31580015	0.3124680	0.3784099	0.382071

By the moment Russia is a new important trade partner for Mexico and the relationship represent a non-traditional advantage for doing business in particular

about importations from Russia because Mexican market received a large quantity of products like commodities from the sector of steel industry, electric, electronic, rubber and plastics, automotive and auto parts, urea, wheat, gasoline, ferrous products, potassium chloride, butadiene rubber, mineral fertilizers, goods for assembly or manufacture of aircraft or aircraft parts, unalloyed nickel and ammonium nitrate, oil and gas. In this sense Russia has a huge international trade to Mexico opened to evident interchange of goods.

According to the author of [11] a strong excess of imports over exports innovation indicates the country's dependence on the economies of exporting countries and may threaten the economic security of the country.

Table 4 [2,3,4,5,6,7] its shown Trade Balance between Russia and Mexico.

It is possible to appreciate the Trade Balance Russia and Mexico, which began in 1992, from this moment the evolution Russian Trade Balance has grown considerably, in addition in recent years it has generated great expectation for both regions, even when in 2014 the surplus has fallen, Trade Balance had a growth compared with 2005, when the surplus was 118,364.0 million dollars, which represented a 14.44% of its GDP.

Table 4

Trade Balance Russia-Mexico

Year/Period	2006	2011	2012	2013	2014	2015
Trade Balance (USD Millions)	139.270,0	198.180,0	193.810,0	181.941,0	189.737,0	146.262,0
Cover %	158,58%	161,20%	157,78%	153,30%	161,60%	175,36%
Trade Balance % GDP	13,09%	9,75%	8,94%	8,16%	9,34%	11,03%

The comparison of Trade Balance in a number of years shows that imports from Russia to Mexico are not equal that the exportations, therefore Mexico requires an increased interchange of products in direction to Russia.

Regarding the reduced volume of the importations to Russia from Mexico, more than absence, it is associated with the different kind of goods, more of them from the automotive and the food industry related with the cheap price of them, as a consequence exists an undercut for the total amount of the Trade Balance.

Moreover, given the level of Mexican Trade Balance that until the moment is negative, the task is strengthened Mexican market position and over the years win

a Russian market share, in order to achieve profits or at least competitiveness respect to another countries and Russian partners.

In the work [12] noted that Mexico belongs to the group of promising players in international markets because Mexican enterprises improve their position in world market, it means they have the opportunity to be integrated quickly into the global division of labor.

In the work [13] noted that significant aspects of Russian-Mexican cooperation are: electric power industry, oil industry, nuclear energy, space research.

Until the moment the interchange is based on the production economy which can be realized in the Table 5, the Mexican commerce has the occasion to increase its cooperation with Russia in sectors where its industry has a space of development like different kind of services, it will be possible with more capital to enable Mexico to compete in the Russian market.

Improve the quality products and generate new services is the aim for both countries in the race for develop a business climate and negotiation points in order to both economies can build an important, mutually beneficial and successful relationship.

For the Table 5 [2,3,4,5,6,7] its shown “Main Products Russia and Mexico for Importations and Exportations”.

Table 5

Main Products Russia and Mexico for Importations and Exportations

Main Products			
Exportations from Mexico to Russia.	%	Importations From Russia to Mexico.	%
Motor vehicles, tractors, velocipede, other overland vehicles, parts and accessories.	49.85222	Others raw materials.	41.3026814
Machines, devices and mechanical devices, nuclear reactor, steam boilers and parts of them.	11.92747	Aluminum and aluminum products.	15.65585386

Continuation of table 5

Main Products			
Machines, devices and electric material, parts, record & reproduction devices.	10.62139	Fertilizers.	14.94852141
Different prepared food.	3.221265	Cast Iron & Steel.	13.67699478
Beverages, alcoholic drinks and vinegar.	2.587197	Mineral fuels, mineral oils and products of their distillation and bituminous substances.	3.84730276

In [14] it is stated that in Mexico is dominated by traditional manufacturing and agricultural sector, while for several European countries the most important development factors are resource and labour potential, the international economic relations and scientific-technical progress.

According to the authors of work [14] “the impact of culture on the economy of Mexico is very important, as the ethnic remnants are still present throughout the country. Technological and innovative advances are implemented reluctantly, dominated by traditional forms of production”.

Russian Competitiveness is emphasized in results of higher educational investment, noted for offering scholarships for training and research in order to remain a high range of young researchers, specialists and mature talent, even when it seems a clear risk, the result is an accelerating innovation and over the years a development in fields such as electro energetic, metallurgical, mechanical engineering, electrical engineering, communications technology, oil and gas sector; in scientific and technical projects, aeronautics and aerospace technologies, use of nuclear energy for peaceful purposes, environmental protection, nanotechnology, electronics, biotechnology, exact mechanics and composite materials, those focus areas help to offset a sharp downturn in services growth.

Though Mexico is less competitive than Russia according with the report of [8] Competitiveness Global Indicators, both countries assume in cheap workforce, geographical diversity and government support. Also Mexico keeps a competitive position due its macroeconomic and political stability, low inflation, size and

strength of its domestic market, economic growth rate and the ability to generate advanced manufacturing (high-tech products).

Besides Mexico can offers to Russia an open economy that, through its network of free trade agreements, guarantees access to international markets, competitive costs and a strategic geographical position. Hence there is a window for the international productive investment between Russia and Mexico.

Furthermore, the increasing importance of the relationship Russia-Mexico continue rising with the international trade, as a relevant process of exportation and importation involved, the Russian market is ascending rapidly in the last years, consequently it is attractive for Mexican entrepreneurs and stablished Mexican companies, [3] for example in oil industry, specifically the deal between PEMEX and LUKOIL about interchanging of knowledge in the scope of exploration and oil production allows to the Mexican company access to contribute with more exportations to Russia.

A big part of the exportations are mechanical, electrical and automotive products, alcoholic beverages and goods from the food industry. Right now, Russian domestic demand is increasing, resulting in a positive development for enterprises like GRUMA Group, this Mexican company exports food products and has a food factory located in Moscow.

In the Russian market are a constantly growing demand for goods and services therefore the expectations from Mexico in the Russian market remain high in the next years.

Whereas that previously the main sectors of trade were based on manufacturing, agriculture, steel industry, automotive and food, in recent years both countries have developed improvements in areas of education and tourism industry, Mexico and Russia have traveled in contrary roads today seem that both regions converge towards tourism.

One of the most important directions of further development of Russian-Mexican cooperation could be tourism. Geographically there is a long distance between Russia and Mexico, which shows a lot of differences in the behavior of their population and as a result a contrasting behavior from their tourists, even though both countries have a strong influence from countries that are closer to the geographic area where they are located, Russia and Mexico match on the international groups G20 and APEC, therefore are a chance to develop international relations between the two countries because both have a common interest, over the years change traditional economic partners and found new strategic alliances that can help the development of their economies.

In a global perspective tourism industry is opening a large number of vital opportunities for employment and increasing the development in local economies.

Through its value chain, the tourism industry creates business and jobs and the same time promotes significant export revenues, contributing positively to the balance of payments of many countries.

Because of its dynamism is highly possible that the tourism business volume equals or even surpasses oil exports, food products or automobiles. In recent times tourism has become one of the major players in the international commerce, and represents at the same time one of the main income sources for many developing countries.

This growth goes hand in hand with an increasing diversification and competition among destinations. Part of the GDP [15] transportation services (excluding commuter services). But it is important to mention that Tourism Industry also includes the activities of the restaurant and leisure industries directly supported.

Mexico has many destinations to offer on the Russian tourist market. From Quintana Roo to Baja California, the country has a lot of tourist spots offering great cultural, archeological and gastronomical experiences, including beaches, nature and active tourism, among other things.

Table 6 [2,3,4,5,6,7, 10] shows Tourism International Income, the Tourism Industry presents a major flow from Russia to México, with this activation Mexico takes a further step towards internationalization in the other part of the world.

For built tourism economy is important to increase the travels inbound to Mexican and Russia regions.

Table 6

Tourism International Income (Russia-Mexico)

Period/ Year	2006	2007	2008	2009	2010	2011	2012	2013	2014
International Indicators>Tourism Income (USD Millions) Russia	7.6	9.4	11.8	9.4	8.831	11.3	10.759	11.988	11.759
International Indicators>Tourism Income (USD Millions) México	12.2	12.9	13.3	11.5	11.992	11.9	12.739	12.949	16.258

The main income from the flow between the countries is from Russia to Mexico, the benefits are for the beaches and routes that are sure to be interest to the tourists.

Table 7 [2,3,4,5,6,7, 10] shows Tourism International Arrivals (Russia-Mexico). The number of tourists from both regions was similar in 2014 acting the tourist's administration between the countries.

Table 7

Tourism International Arrivals (Russia-Mexico)

Period/ Year	2006	2007	2008	2009	2010	2011	2012	2013	2014
International Indicators>Tourism arrivals (USD Tourists) Russia.	20.1	20.6	21.6	19.4	20.262	22.7	25.727	28.356	29.848
International Indicators>Tourism arrivals (Tourists Millions) Mexico.	21.4	21.4	22.6	21.5	23.29	23.4	23.403	24.151	29.091

Get importance from the relevant segments of the Russian Tourism market could be extremely difficult but there is the possibility to promote the touristic travels and attract the tourism to both destinations. A key condition for continue the bilateral flow and popularity is guided the coordination in tourism issued, that means providing services in the right place at the right time.

Conclusion

Thus, the trends indicate not only a mutual desire to continue involving economic cooperation Russia and Mexico, but are supported by concrete steps towards strengthening their cooperation in various socio-economic spheres.

Perhaps the tourism industry will strengthen economic cooperation between the two countries. Cooperation that is not based on an abstract desire to make a profit or to achieve unilateral advantages, but cooperation is based on mutual respect between the countries interests and understanding of the historical and cultural values of Russia and Mexico.

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