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## **DEVELOPMENT OF THE FOOD INDUSTRY IN RUSSIA: HISTORY AND PROSPECTS**

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### **Abstract**

The article analyzes the food industry of Russia, which is of great economic importance, which is determined by the regular daily demand of the population for a variety of food products. Food products have a quick payback, and this is one of the most important criteria for the efficiency of industrial production. Food enterprises are the most numerous in the world industry. Among them, small, but powerful multinational corporations have emerged. The article shows that various productions of the Russian food industry are designed to meet the needs of the population in a number of important food products. The food industry has acquired exceptional socio-economic importance today, since its condition reflects the standard of living in Russia, as well as in different countries of the world. The current situation in the world is characterized, on the one hand, by the presence of hundreds of millions of hungry people in developing countries, and on the other, by excessive food production in developed countries, where 1/5 of the inhabitants of the planet live.

**Keywords:** industry, factory, history, man, technology.

### **I. INTRODUCTION**

The last decade of the XX century in Russia is characterized by the deterioration of the entire agricultural and industrial complex (APK), including food industry enterprises as one of the links associated with agriculture. The credit, tax, price and investment policy pursued by the state, the constant increase in prices for material and technical resources and transport services, as well as the weakened attention of the government to the development of the agro-industrial complex economy, have brought many enterprises processing agricultural products to the brink of bankruptcy, as a result of which the production of basic types of food has sharply decreased. The human development index for the Russian Federation decreased from 0.900 in 1990 to 0.760 in 1999. (among the countries of the world, Russia has dropped from 7th to 71st place), which is reflected in the change in the population's nutrition structure for the worse. The shortage of a number of food products was made up for by import food supplies, the share of which in total volume exceeded 40%, and for certain types of products - more than 70%.



## II. DISCUSSION AND RESULTS

The Russian food industry received its first blow during the First World War, and the gloomy time of the Civil War finally knocked it down. In comparison with 1900, food production fell five times at once. However, by 1927, the industry had almost completely recovered to its previous level, but it was not able to satisfy the needs of the young country. The industrialization of the state, the sharp increase in construction and the expansion of production in all corners of the USSR led to the need for a radical revision of the food industry that had existed until that time. The relevance of this was the higher, the more high-quality raw materials began to give collectivized agricultural cooperatives and collective farms. Approximately in the same years, statistical departments deduced the average statistical figures for the needs of people of various professions in nutrients and certain categories of products. During the Patriotic War of 1941-45, almost the entire food industry of Russia, located in the central parts of the state, was again destroyed. The situation was saved only by the timely evacuation of most of the enterprises to the East. By the way, it is thanks to this circumstance that Kazakhstan today has an advanced food industry in that region. It should be noted that the day of the food industry in Russia, which is celebrated on October 19, is largely created in memory of the heroic work of industry workers who ensured continuous food supplies to the rear and to the front.

Five years after the war, many sectors of the national economy, including the food industry, were restored to their former, pre-war level. But we have already said that even before the industry could no longer satisfy the increased needs of a rapidly growing and developing country. In fact, the situation was even worse. The fact is that the population of rural areas was fed almost exclusively by the products that were grown in the garden. People practically did not buy industrial products. At that time, the country urgently needed as many workers as possible. The natural "candidates" for their role were just the same peasants. But it was impossible to transport them to cities, since in this case the number of people who consumed food could rapidly increase. Of course, this situation could lead to starvation. It was necessary to urgently reorient the industry to new standards. Invaluable assistance in this was provided by the main institutions of the food industry in Russia (Moscow, Kuban), whose specialists developed many programs for re-equipping the industry. Unfortunately, the approach taken on the ground to resolve this problem was completely wrong. Collective farmers were forbidden to keep livestock in personal farmsteads, or their number was legally limited. It was assumed that in this case, labor productivity would increase significantly. Of course, in order to achieve this goal, production output standards were constantly raised. As for crop production, in order to increase the grain harvest, the authorities decided to start plowing chernozem in Kazakhstan. It was then that it became clear that there is a chronic shortage of qualified specialists for the normal exploitation of plowed lands. In fact, it turned out that only 40% of the entire cultivated area could be used in accordance with agricultural standards. Because of this, soil fertility quickly fell, which, in the end, led to the need to purchase grain from abroad.

By the beginning of the 1990s, the Russian food industry was far from being in the best condition. Due to the legendary mismanagement, the national economy lost up to 40% of finished products and valuable raw materials. In the period from 1970 to 1986, the medical and physiological supply of many professions was constantly declining. In fact, only representatives of the party elite, the military, sailors, pilots and astronauts ate normally in this regard.

At the beginning of 1991, the needs of the population in vegetables, bread and pasta were covered by approximately 80-90%. As for sugar, lard, meat, milk and poultry, this figure was hardly 55-60% at best. Who is not familiar with queues for "scarce" products that have become one of the signs of the late USSR? All institutes of the food industry in Russia in those years experienced a catastrophic shortage of personnel, the level of training of specialists graduating from them was rapidly falling. Providing the population of the country with food is impossible without the stable functioning and development of the food complex, which determines its priority role in state policy. However, the results of the work of the sectors of the food complex over the years of market reforms allow us to conclude that Russia is losing production volumes and, as a result, is becoming increasingly dependent on imported food supplies.



An analysis of the dynamics of production of the main products of the food industry showed that, for example, the production of meat and offal of category I decreased in 1995 compared to 1990 by 2.7 times, whole milk products - by 3.7 times, confectionery - by 2, 1 times, margarine products - 4.1 times.

The rise in prices for industrial consumption products (raw materials, energy resources, equipment, etc.) gave rise to a steady upward trend in current costs. As a result, for many enterprises, this factor also affected the reduction in the output of finished products.

The import of products in the 1990s was accompanied by the displacement of the Russian producer from the domestic market. In some regions, the production of many types of food products reaches 50% of the demand, the rest was imported from abroad.

The negative moments in the development of the food industry were largely determined by economic miscalculations in the 1990s:

- an ill-conceived and, consequently, inefficient system of privatization;
- non-payments of consumers and overstocking of finished products in warehouses;
- violation of price parity;
- high taxes and interest rates for loans, which practically curtailed investment activity;
- lack of marketing research of raw materials and food markets.

The process of privatization in the food industry was extremely inefficient. The vast majority of enterprises preferred the second form of privatization, which allows collectives to own a controlling stake. However, the transfer of enterprises to joint-stock companies practically did not change their structure, did not give noticeable results in their economic activities.

First of all, this was reflected in the ill-conceived agricultural policy, the violation of integration ties.

The lack of state control over the development of the privatization process contributed to investment activity. Thus, the coefficient of utilization of the production capacities of enterprises for the production of meat decreased from 76% in 1990 to 32% in 1995, for canned fruits and vegetables - from 72 to 21%, respectively.

The situation in the food industry was aggravated by the fact that the technical level of most enterprises did not meet modern requirements. Depreciation of fixed industrial and production assets at individual enterprises has reached 50-60%.

With the development of market relations in the economy, since 1995, more than 3,000 mini-mills have appeared in Russia, more than 400 of them have been opened in the Altai Territory alone.

Unlike the milling industry, the development of cereal production was carried out not according to the territorial, but according to the raw material principle. This approach was the most rational, since the output of finished products from raw materials here is 45-65%. Transportation of grain — rice, buckwheat, millet, peas, barley, oats - over considerable distances with subsequent processing into cereals is economically impractical, as it leads to a significant increase in the cost of products. The spread of small-capacity kruporushek has not become as large-scale as in the milling industry, although they are in the Kuban, Altai, Central Chernozem zone, Volga region, i.e. in places of mass production of rice, buckwheat and millet.

Based on these conditions, 97 grain factories were built in the country by the 90s of the XX century.

To date, there are over 3,500 mills and more than 97 grain mills in Russia. The main share of flour production (60%) falls on 89 large industrial plants. Half of the cereals taken into account by Rosstat are produced at 39 grain factories.

One of the main groups of mills are enterprises built in the pre-revolutionary period. There are 112 such mills in the country with a total flour production capacity of 7 million tons per year.

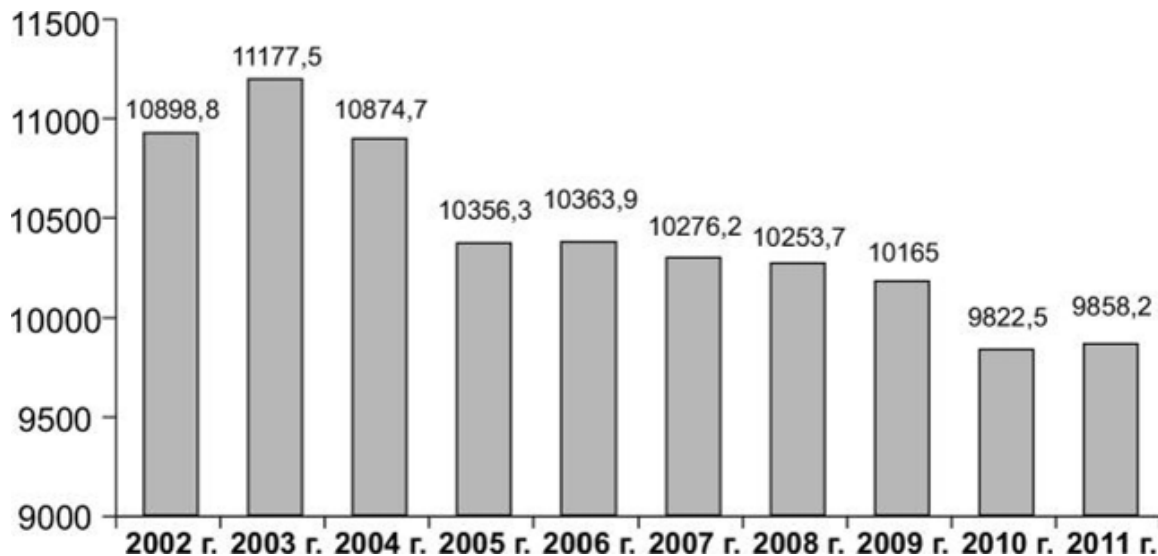
The next group includes 33 mills built in the period from 1917 to 1945. Their productivity is almost 2 million tons of flour per year.



The most representative among the enterprises is a group of mills built in 1945-1980. Their total capacity is 8.2 million tons of flour per year.

In the last decade, a small number of mills have been built and reconstructed. Basically, flour milling increased capacity through the construction of mini-mills.

Things are worse in cereal production. More than 30% of domestic grain factories were put into operation before the revolution of 1917 and about 14% before the Great Patriotic War. Approximately half of the capacity was built before the 80s of the last century.



Flour production in the Russian Federation in 2002-2011, thousand tons.

Flour mills traditionally produce flour and semolina from grain, and bran is obtained in the form of by-products. Almost all enterprises of the country specialize in the production of these products. At the same time, world science and practice prove that grain raw materials can produce much more products that are used for both food and fodder and other purposes. In the USA and Europe, Australia and Canada, wheat is used not only for traditional milling products, but also for starch and gluten (dry gluten).

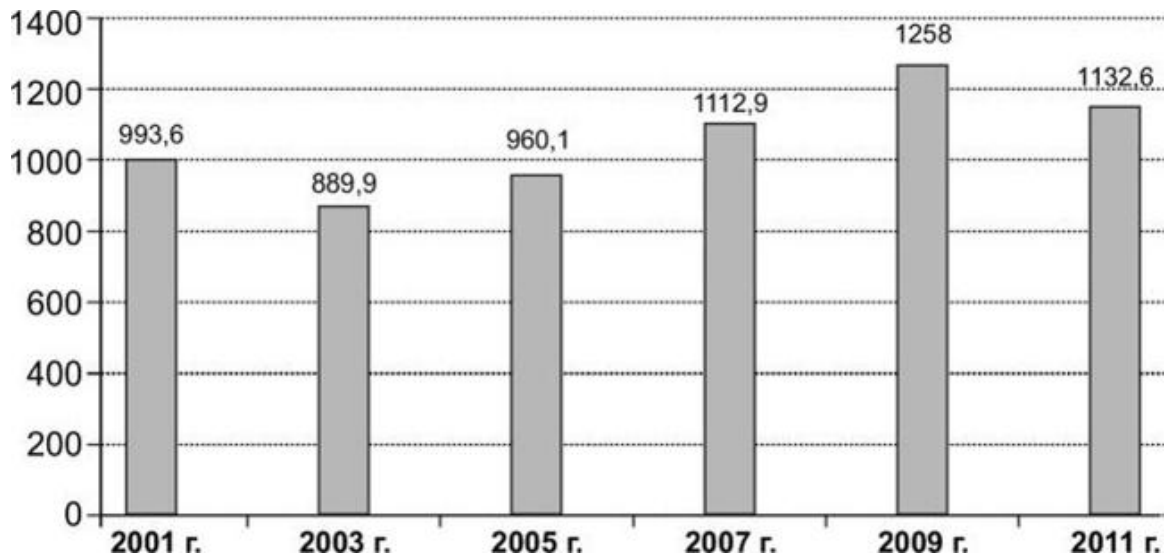
Fortified gluten consists of 75% vegetable protein and is used in meat processing, pasta, confectionery, and other dietary foods. Gluten is added to wheat flour with a low gluten content to increase its baking qualities, and is also introduced as a binder in the production of breakfast cereals and to increase protein in these products.

Fructose syrups are obtained from starch, which are used as sweeteners. It is known that in many developed countries they are used instead of sugar and almost completely replace it in the confectionery industry, the development of dietary and diabetic products.

Vegetable oil is obtained as a by-product during grain processing. In the USA, some EU countries wheat germ oil is sold in health food stores. In Russia, such products are produced only at a few enterprises and then in very small quantities.

The development of this direction of grain processing and the construction of plants for its deep processing will allow producing products with high added value for use in flour milling, bakery, confectionery and pasta production, in the production of sausage products, meat semi-finished products, dietary and diabetic food.

Since 2005, there has been an increase in the production of cereals, in 2011 it produced 1132.6 thousand tons.



**Production of cereals in 2001-2011, thousand tons of instant food, which are in high demand on the market. This type of product is well stored and can be easily transported over long distances, which also makes it export-oriented.**

And now let's look at the main branches of the food industry in Russia. The principle of placing processing enterprises on the territory of the country is based on two factors at once: raw materials and consumer.

In most cases, when building new enterprises, they are guided precisely by the availability of raw materials, since a lot of them are required for the production of food products. When transporting more or less long distances, huge costs are required to ensure its safety, and therefore production under such conditions becomes simply unprofitable. Depending on the combination of all these factors, experts distinguish three branches of the food industry that are common in Russia: The production of milk, starch and molasses, sugar and vegetable oil, vegetable canned food gravitates to the sources of raw materials. For example, we have sugar production only in the Caucasus and Central Black Earth regions, since it is simply unprofitable and stupid to transport somewhere hundreds of thousands of tons of raw materials, from which only a few tens of tons of finished products come out. The largest Russian food industry enterprises (ASTON, Yug Rusi), which produce vegetable oil, are also located there. On the contrary, the production of the bakery industry can be found throughout the country. This allows it to be attributed to the consumer food industry. Grain is relatively easy to transport, the yield of finished products from raw materials is quite large. Mixed industries: flour and meat. The primary processing of raw materials is carried out in the immediate vicinity of the places of its production, and then the semi-finished products are sent to the places of their final processing. A perfect example is fish. Its freezing is carried out on fishing trawlers. Salted herring, for example, is produced even in Udmurtia, from which the nearest sea is more than one thousand kilometers away. At the present stage, the development of industry takes place in very difficult conditions. This is due to significant transformations related to EU sanctions, the general economic crisis, and the political situation. Russia has dramatically lost many suppliers of raw materials, feed, and equipment for the food industry, which could not but affect this activity. The lack of technical arsenal has hit agriculture the hardest. But for 2022-2023, Russia has outlined and started implementing new development programs, searching for new partners, developing and manufacturing equipment of world quality standards. Despite the fact that recently more and more attention has been paid at the state level to solving strategic problems of production development in Russia, such as strengthening global competition in world markets, increasing the role of innovative components, human capital (quality of professional personnel) as the main factor of the country's economic development, etc., most domestic industrial enterprises are characterized by extremely low competitiveness, lagging behind advanced countries in terms of labor productivity and technical level of production.



In addition, in recent years, the problem of shortage of qualified workers and engineering personnel has become acute at industrial enterprises, weak investment activity in industries that are the core of the new technological order remains. Strategic management is aimed at solving the above-mentioned problems of domestic industrial enterprises, achieving their long-term goals, primarily through the efficient and effective use of resources. The improvement of strategic management tools and their implementation in the practical activities of industrial enterprises is particularly relevant at the present stage of the development of the Russian economy.

### III. CONCLUSION

An analysis of the development of the food industry allows us to conclude that the food industry needs state support. First of all, it is necessary to reconstruct investment in the agro-industrial complex and support the processing industry. It is advisable for the medium term to restore the raw material base of procurement programs for the import of raw materials and materials not produced in the Russian Federation.

The food and processing industry remains the largest and most vital sector of the economy. In a market economy, the efficiency of the food industry is achieved due to the high specialization of production and the improvement of its management. The deepening of specialization requires not only providing production with technologies using modern achievements of scientific and technological progress, but also monitoring the quality of raw materials and finished products.

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# РАЗВИТИЕ ПИЩЕВОЙ ПРОМЫШЛЕННОСТИ В РОССИИ: ИСТОРИЯ И ПЕРСПЕКТИВЫ

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## Аннотация

В статье анализируется пищевая промышленность России, имеющая большое экономическое значение, которое определяется регулярным ежедневным спросом населения на разнообразные продукты питания. Пищевые продукты имеют быструю окупаемость, и это один из важнейших критериев эффективности промышленного производства. Предприятия пищевой промышленности являются самыми многочисленными в мировой промышленности. Среди них появились небольшие, но мощные транснациональные корпорации. В статье показано, что различные производства российской пищевой промышленности предназначены для удовлетворения потребностей населения в ряде важных продуктов питания. Пищевая промышленность сегодня приобрела исключительное социально-экономическое значение, поскольку ее состояние отражает уровень жизни в России, а также в разных странах мира. Нынешняя ситуация в мире характеризуется, с одной стороны, наличием сотен миллионов голодающих людей в развивающихся странах, а с другой - чрезмерным производством продовольствия в развитых странах, где проживает 1/5 жителей планеты.

**Ключевые слова:** промышленность, завод, история, человек, технологии.

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