SELECTED SANCTIONS EPISODES ACROSS TRADE FLOWS, FIRMS AND CONSUMER ATTITUDES: RUSSIAN FOOD BAN AND IMPLICATION FOR AGRIBUSINESS

Elena Horská[1], Stanislav Farkaš[1], Nadezhda V. Akkanina[2]

[1]Slovak University of Agriculture in Nitra, Tr. A. Hlinku 2, 949 76 Nitra, Slovak Republic

[2]Russian State Agrarian University in Moscow, Timiryazevskaja 49, 127 559 Moscow, Russia

Abstract

The sanction regime is a part of foreign policy toolbox, used when diplomacy fails and military options look too drastic. Policymakers have to consider very carefully its implementation as it can course economic damages for target economy and sanctioning one as well. The aim of the paper is to evaluate the impact of the Russian food ban and sanctions of the European Union on the agrarian sector and foreign trade of the Russian Federation and selected countries including different levels (local and regional) and viewpoint (trade flows, firms, and consumer attitudes). To process the paper we used secondary data from the European Statistical Office – EUROSTAT, the Russian Statistical Office – ROSSTAT and primary data based on interviewing managers of selected companies and consumers.

We analyze the import and export between selected economies (Russian Federation, Visegrad countries with special focus on Slovak republic and some other European countries), and the impact of the imposition of sanctions or food embargo on business entities and consumer attitudes. However, we try to show both sides of food embargo and sanctions including positive impact on local development or trade creation in a newly formed regional group of countries benefiting from the situation. Since sanctions and embargoes also affect the end-user the part of the paper describes also questionnaire survey related to public opinion.

Slovakia is a big critic of sanctions because in the period before the imposition of sanctions, the Russian Federation was one of Slovakia's largest trading partners outside the European Union. The total volume of exports from Slovakia to the Russian Federation had an impact on the overall state of the Slovak economy, which is reflected in the gross domestic product. In the paper we show also impact on individual businesses in Slovakia and other Visegrad countries, changes in their production structure and trade flows.

Keywords: *import, export, food embargo, consumer, development, trading partner*

1. INTRODUCTION

Foreign trade policy is a set of measures that deal with trade between a particular country and another country. The basis for the European Union's foreign trade policy is a common trade policy, together with a development and association policy. Significant elements of foreign trade include import and export. These activities make foreign trade a real form. An embargo means government regulation that restricts the trade or exchange of goods or services from or to another country for political, security or other reasons.

The main objective of the European Union in relation to the Russian Federation is to strengthen political and economic stability in Russia, to promote the creation of a legal system through the creation of effective legislation, as well as bodies and institutions of the executive and judicial systems, to support the creation of a better investment climate and the harmonization of legislation with the European Union legal system. The trade partnership between the European Union and the Russian Federation is strategically important for both sides, as the European Union depends on energy supplies. On the other hand, the Russian Federation depends on the sale of oil, gas, and technology to the European Union. It should be noted that both the European Union sanctions and the Russian food embargo affect not only the target economy but also affect all the economies that trade or have traded with Russia. The aim of the paper is to evaluate the impact of the Russian food ban and sanctions of the European Union on the

agrarian sector and foreign trade of the Russian Federation and selected countries including different levels (local and regional) and viewpoint (trade flows, firms, and consumer attitudes).

2. MATERIALS AND METHODS

2.1. Materials

In the paper we analyze the changes that have occurred in international trade between selected countries before and after the imposition of the Russian food embargo and sanctions of the European Union. Consequently, we analyze the Russian food embargo and sanctions of the European Union from viewpoint of consumer attitudes, firms and overall impact as well.

Fundamental source of relevant information comes from the European Statistical Office - EUROSTAT and the Russian Statistical Office - ROSSTAT. We have processed the individual statistics in detail. The obtained results were then processed into graphs and tables, which were subsequently interpreted verbally. To know opinion and situation in the firms and in the public we organized managed interviews in selected businesses and questionnaire survey among consumers in different countries. While processing our research we use also theoretical and research findings related to the topic of our paper to support our findings.

2.2. Methods

In the preparation of the paper we used the following methods:

- Method of synthesis - summary of acquired knowledge and formulation of conclusions.
- Method of graphics display - creating tables and graphs for clear display of individual indicators.
- Analysis method - in the questionnaire, respondents were asked to answer 4 questions. We managed to get 160 respondents, who answered the questions about the perception of sanctions by the consumer.
- Mathematical-statistical methods - to evaluate results of the questionnaire survey and export/import statistics.

3. RESULTS

3.1. Current situation and theoretical background

The member states of the European Union as a whole are the most important trading partner of the Russian Federation. Their share is almost half of the foreign trade of the Russian Federation. For the European Union, the Russian Federation is the third largest trading partner after the United States and China (Drieniková & Zubaľová, 2013).

The embargo is one of the quantitative measures of each state. An embargo means government regulation that restricts the trade or exchange of goods or services from or to another country for political, security or other reasons. The embargo increases the price of goods affected by the embargo in the country for which the embargo was imposed. Its application can be seen mainly in military conflicts, where its purpose is to weaken the country. The embargo increases the number of illegal goods in the country, which is the object of the embargo. Embargoes are classified as non-tariff barriers, which are defined as measures to promote their own interests but consist neither customs duties nor subsidies (Baláž, P. et al, 2010). The embargo is also part of the quantitative restrictions that are defined as the deliberate delineation of the number of goods of a given species over a certain period of time. The export embargo is the type of embargo that prohibits the export of certain types of goods to certain countries for a certain period of time. The import embargo is the type of embargo when a country importing goods from another country prohibits the import of these goods. As an example of the import embargo, we can use the Russian food embargo.

Since 1st of August 2014 Russian access to capital markets of the European Union for Russian state financial institutions has been limited. In addition, the European Union has imposed an arms embargo. The Russian approach to innovative and strategically important technologies was also limited. Gas supply was released from the embargo, as many members of the European Union are heavily dependent on Russian gas supplies. In response to Western sanctions, the Russian Federation announced a ban on imports of agricultural products and food products from the European Union, the United States of America, Norway, Canada and Australia on August 6, 2014, for a period of one year. The list of products issued by the Government of the Russian Federation includes:

- Vegetables and fruits: except for ready-made vegetables and fruits;
- Dairy products: milk, dairy products (especially cheese, skimmed milk powder, butter, whey powder, fresh foods, whole milk powder, condensed milk) and some foods containing dairy ingredients;
- Meat: meat of cattle, pigs and poultry (fresh, chilled or frozen), as well as salted meat, meat in brine, dried or smoked meat, salami and similar products;
- Fish and products from freshwater and saltwater fish.

Exceptions to the sanctions include baby food, certain animal products (fats, offal) and live animals, lactose-free milk and dairy products, seed potatoes, onions, hybrid corn and nutritional supplements.

The embargo declared by the Russian Federation in August 2014 is not the first embargo imposed by Moscow on European agricultural products and food products. The previous prohibitions were mainly related to Russia's concerns about the safety of food imported from certain countries of the European Union. This was a ban on imports of pork and meat products for health reasons (The European Commission 2013). Other examples of the use of the embargo as an instrument of influence on the state of foreign trade may be the following actions of the Russian authorities of the state Executive power. In autumn 2006, the Russian Federation threatened to ban the export of European products of animal origin. The official reason for this threat was the concern about the safety of food products coming from some member countries of the European Union. In particular, these problems had to do with Romania, Poland, and Bulgaria. Poland has a lot of experience with the prohibition of importing its products to the Russian market. In 2007, Poland was banned from importing Polish meat because of health problems with these products. Another of the series was a ban again on the import of pork meat. This ban was announced in early January 2014 due to suspicion of African swine fever, which occurred in pork meat, which was from Lithuania and Poland. The ban on the import of pork meat was considered a harbinger of the Russian embargo on all European agricultural and food production. Subsequently, it was followed by a ban on import of dairy products and milk from the Netherlands and Ukraine again for health reasons and a ban on import of fruits and vegetables from Moldova and Poland due to allegedly high levels of pesticides. Analysis of problems related to food ban we can find in many research papers or studies (Venkuviene & Masteikiene 2015), (Horská & Moroz & Gálová 2016), (Perekhozhuk & Glauben 2018) as it is very important aspect of local and global agribusiness (Ubrežiová – Wach, 2016), (Kapsdorferova & Sviridova, 2014).

3.2. Analytical part of the research: GDP, export and import as the most important macro data

The analysis of the impact of sanctions and embargos on the economic situation in the Russian Federation and other countries of the European Union in the period 2004-2016 can be done partly through the indicator “GDP per capita”. The economic situation in Russia was after the imposition of sanctions and embargoes in a crisis situation, this consequences caused a weakening of the Russian economy (Fig. 1).

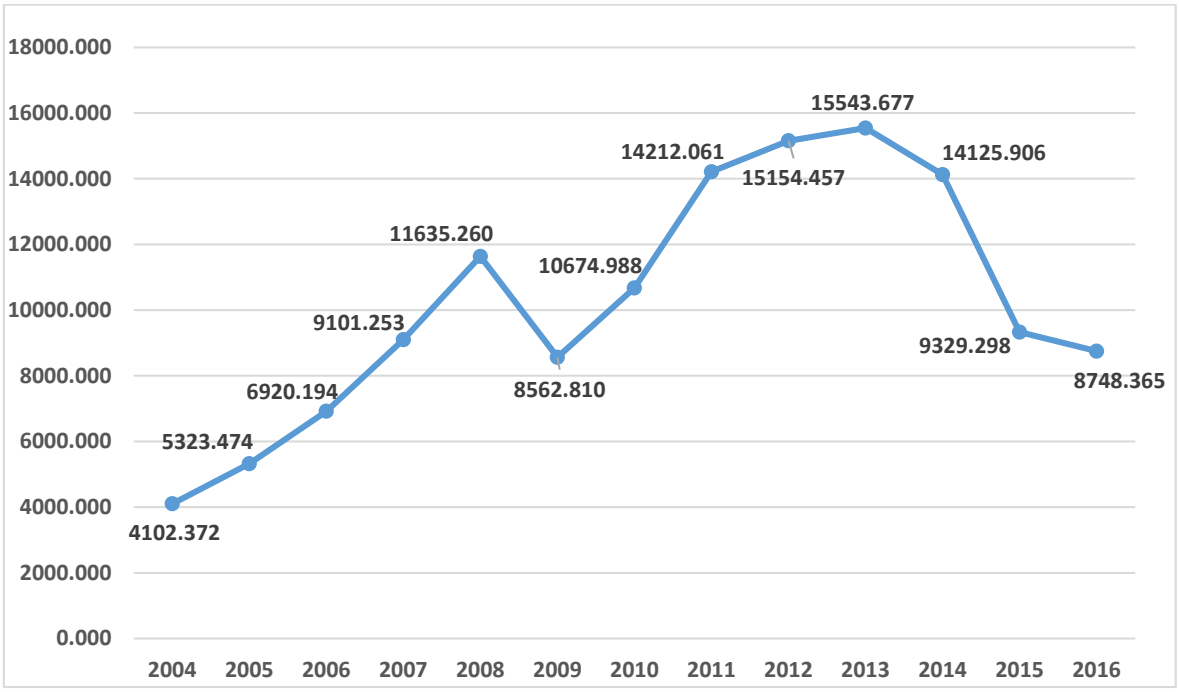


Fig. 1. GDP per capita of the Russian Federation in 2004-2016 ($)

Source: compiled by the authors on the basis of the World Bank database

The highest GDP per capita was achieved in 2013 and amounted to 15543,676 US dollars. After this year, there was a significant decline, which can be explained by the imposition of sanctions and embargoes. Another argument is decline in oil prices (WTI Crude Oil, 2016). As can be seen from Table 1, the imposition of sanctions has resulted in a decrease in GDP not only in the Russian Federation but also in the countries of the European Union. Further, we show the impact of the Russian food embargo on the situation in the agro-food markets of selected countries of the European Union. Selected countries are members of the Visegrad Four - Slovakia, Czech Republic, Poland, and Hungary. The second group consists of three Western European countries - Germany, France, and the Netherlands.

Table 1. GDP per capita of the Russian Federation and selected countries of the European Union in 2012-2016 ($)

Country	2012	2013	2014	2015	2016
Russian Federation	$15 154,46	$15 543,68	$14 125,91	$9 329,30	$8 748,36
Slovakia	$17 274,64	$18 191,61	$18 595,15	$16 089,75	$16 495,99
Czech Republic	$19 729,87	$19 916,02	$19 744,56	$17 556,92	$18 266,55
Poland	$13 145,10	$13 780,55	$14 341,67	$12 565,99	$12 372,42
Hungary	$12 834,32	$13 613,60	$14 117,98	$12 365,63	$12 664,85
France	$40 838,02	$42 554,12	$42 955,24	$36 526,77	$36 854,97
Netherland	$49 474,71	$51 574,49	$52 157,41	$44 292,88	$45 294,78
Germany	$44 065,25	$46 530,91	$47 902,65	$41 176,88	$41 936,06

Source: compiled by the authors on the basis of the World Bank

Analysing the international trade we focus on agro products of the class: 01- Live animals, 04 - Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included, 08 Edible fruit and nuts; peel of citrus fruit or melons, 10 – Cereals, 22 - Beverages, spirits, and vinegar.

In the meat sector, the situation was a little bit different, as the embargo on meat imports was issued in early 2014. As a result, there was not enough time in the meat sector to adapt to the decline in sales after the loss of the Russian market and the search for alternatives to resolve the situation. In the dairy sector there was adopted the management mechanism of the market, and in cooperation with the private sector, measures were taken to store and process dairy products. To support the production of cheese, but also for its storage, producers received financial support from the budget of the European Union. In this sector, there was a huge surplus of products in the market, which led to a decrease in the prices of milk and dairy products by an average of 0.1-10.3%. The cost of the price collapse depended on the amount of the exported product by the country to the Russian Federation. The Russian Federation has been in the long run the second largest exporter of cereals in the world. The total Russian export of this product in the period from 2016 to 2017 was 35.7 million tons. Most cereals from the Russian Federation was imported to Germany and the Netherlands (from a group of observed countries).

Poland is the largest apple producer in Europe. Up to 1/3 of all products are exported. According to the Statistics office, Poland exported to Russia in 2013, before the imposition of sanctions about 700 000 tons of apples. According to the Statistical Office, the value of fruit and vegetable exported to the Russian Federation from Poland, which is now subject to the embargo, in 2013 amounted to 316 million. EUR. After impositions of sanctions, Russian Federation has started import apples from China.

Since 2000, the volume of foreign trade of all V4 countries has increased annually. The most significant growth in foreign trade in the countries of the group occurred after accession to the EU. This increase continued until 2009, when, as a result of the economic crisis, foreign trade in all countries of the group decreased. But in 2010 there was a revival of the economy, and the value of foreign trade in the Czech Republic, Poland and Slovakia reached almost the same level as before the crisis. Among all the countries of the group, Hungary was the most affected by the crisis.

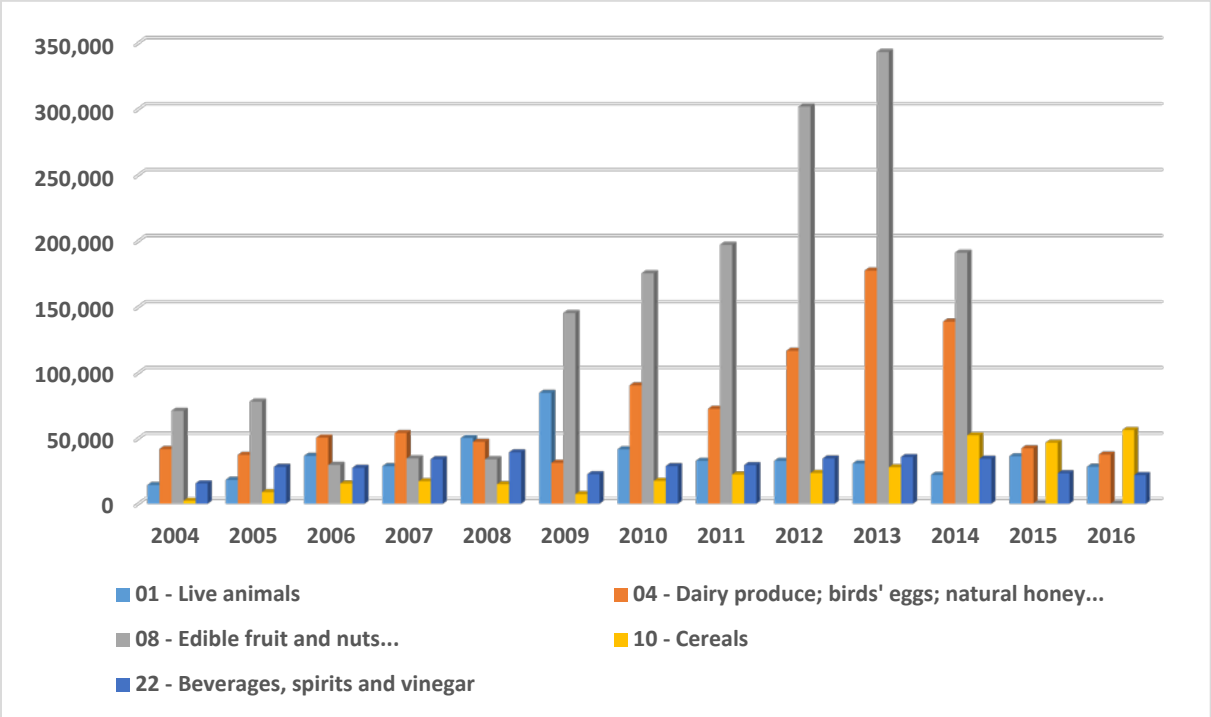


Fig. 2. Export of selected types of products (01; 04; 08; 10; 22) from Visegrad Four to the Russian Federation in 2004-2016 (thousands of EUR)

Source: compiled by the authors on the basis of the Eurostat

In Figure 2, we can see exports of selected product classes (01; 04; 08; 10; 22) from Visegrad Four to the Russian Federation in 2004-2016 in thousands of euros. The total volume of exports is shown in this paper according to two indicators, in money and in tons. The total values expressed in monetary units may not provide accurate information as the values may be affected by a change in product prices or by a change in the exchange rate, and this is important for a comprehensive analysis. In Figure 3, we see exports of selected product classes from Visegrad Four to the Russian Federation in 2004-2016 in tons. That will help us better analyze the total amount of exports between the partners. As can be seen from the graph, the most exported agro products in trade between Visegrad Four and the Russian Federation, it was class 08 - Edible fruit and nuts; peel of citrus fruit or melons. The largest share belongs to Poland, while the share of exports of this class is 97.8% of the total. Most of the fruits were exported by Poland to the Russian Federation in 2013, concretely 786 852 tons. Also, the total export volume for the controlled classes reached the highest value in 2013 amounted to 901 145 tons. The second largest object is class 22 - Alcoholic and non-alcoholic drinks and vinegar.

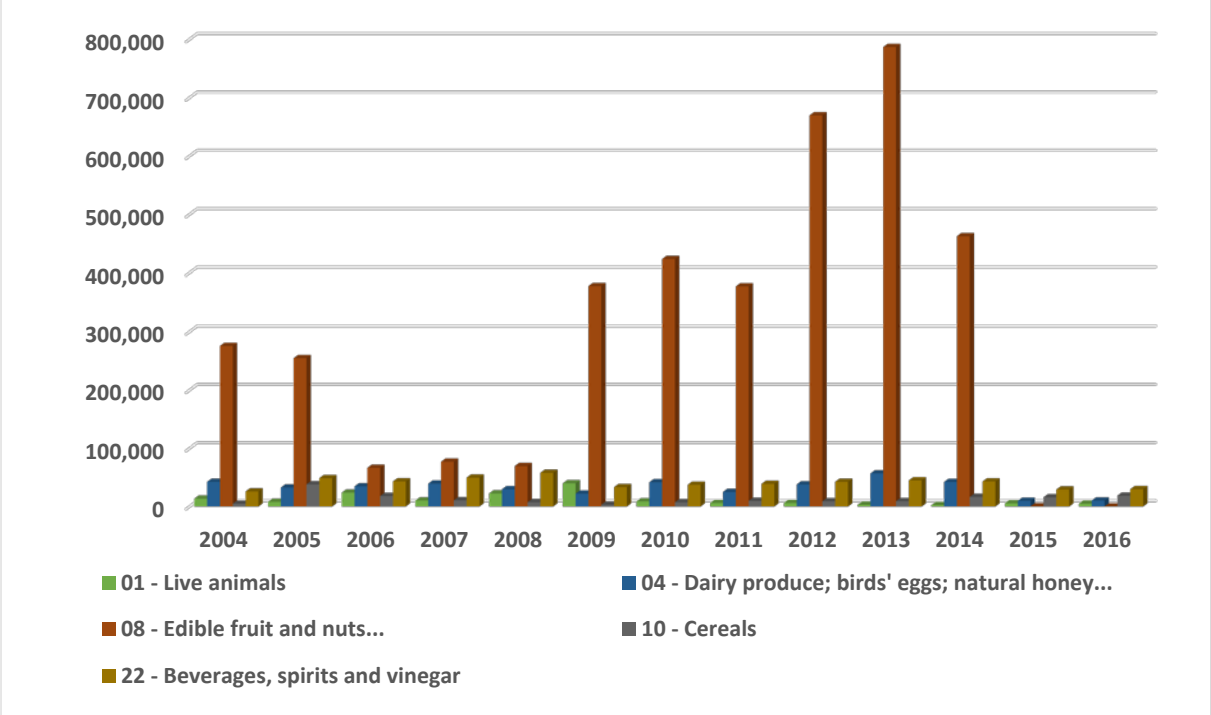


Fig. 3. Export of selected types of products (01; 04; 08; 10; 22) from Visegrad Four to the Russian Federation in 2004-2016 (tons)

Source: compiled by the author on the basis of the Eurostat

The largest share belongs to the Czech Republic, which is mainly known for beer production. The third place belongs to class 04 - Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included. Poland again has the largest share in this class. Then follows class 10 - Cereals; and the last place belongs to class 01 - Live animals. After the impositions of the Russian embargo in August 2014, the exports of the Visegrad Group recorded a huge decline. In 2015, the total volume of exports to the Russian Federation decreased by 89% compared to 2014. The most affected was class 08, where the total value of exports decreased from 462 660 tons in 2014 to 503 tons in 2015. The second most affected class was class 04, where the total value of exports decreased from 42 260 tons in 2014 to 9 959 tons in 2015. On the other hand, we also have classes that have seen an increase. The greatest increase was recorded in class 01, where the difference between 2014 and 2015 is almost 50%. Also, class 10 grew slightly. This class recorded a 12-percent increase in 2016 compared with 2014. It could be caused by the fact that class 10 was not covered by the Russian embargo.

Germany is one of the most important trading partners of Russia within the European Union. These two countries could never ignore each other because of their dominant position on the Eurasian continent, and their relations gradually developed as a result of a conflict of interests.

In 2016, Germany took the 2nd place among the largest exporters to the Russian Federation. In 2016, Germany exported goods worth $ 19.5 billion, which is $ 13.5 billion less than in 2014.

Thus, after the imposition of sanctions and embargoes, the total value of Germany's exports to the Russian Federation was reduced. In 2014, Germany was the world's third-largest exporter, totaling $ 1508 billion. The economy of Germany was seriously damaged after the imposition of sanctions. In 2015, the German economy recorded a loss of $ 30 billion and 500 000 jobs.

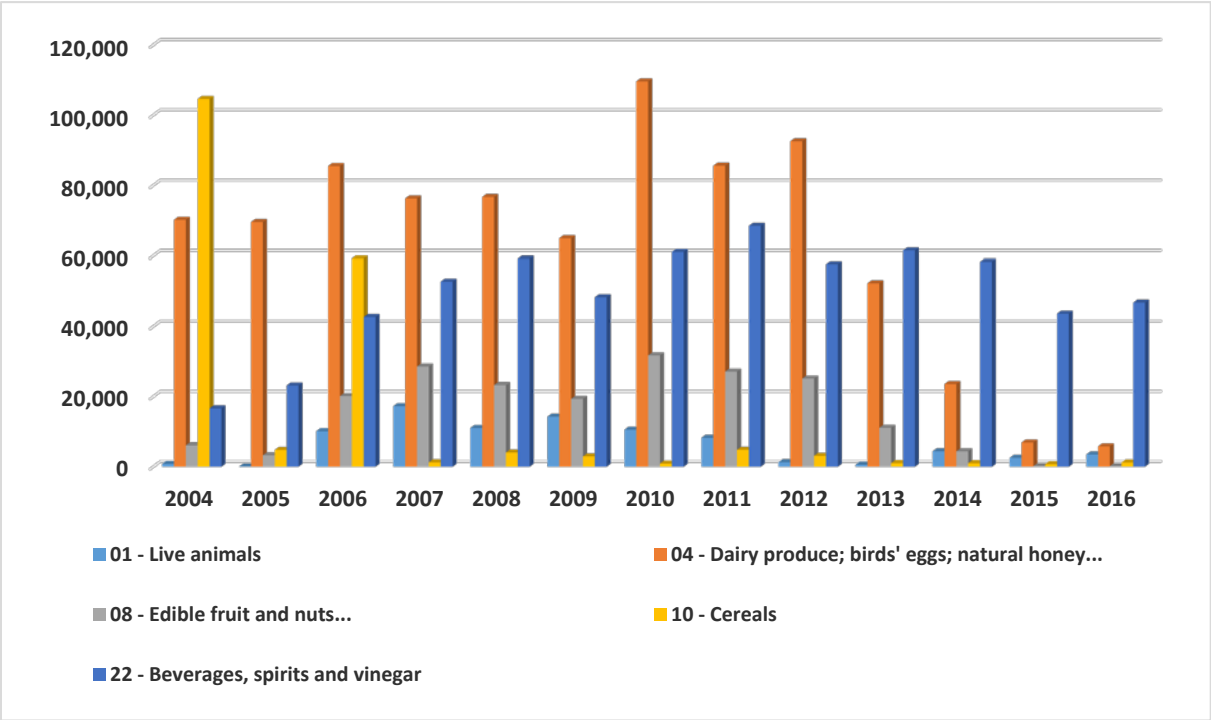


Fig. 4. Export of selected types of products (01; 04; 08; 10; 22) from Germany to the Russian Federation in 2004-2016 (tons)

Source: compiled by the authors on the basis of the Eurostat

In Figure 4, we see exports of selected product classes (01; 04; 08; 10; 22) from Germany to the Russian Federation in 2004-2016 in tons. That will help us better analyze the total amount of exports between these partners. As can be seen from the diagram the most exported agricultural products in trade between Germany and the Russian Federation, it was a class 04 - Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included. The largest volume of exports of this class was in 2010 in value109 606 tons. After 2010, this class only decreased. The second largest object is Class 22 - Alcoholic and non-alcoholic drinks and vinegar. The largest export volume of this class was in 2011 concretely 68 471 tons. This class, even though it is experiencing a slight decline in annual comparison, is not as serious as in other classes. The third place belongs to class 08 - Edible fruit and nuts; peel of citrus fruit or melons. This is followed by class 10 - Cereals. Although class 10 ranks fourth in these products, Figure 11 shows that this class reached very high values in 2004 and 2006. In 2004, it was even 104 610 tons of cereals, representing 55% of total exports of this class for the whole period under review. The last place belongs to class 01 - Live animals. After the introduction of the Russian embargo in August 2014, German exports recorded a huge decline. In 2015, total exports to the Russian Federation decreased by almost 50% compared to 2014. In all five controlled agricultural products, the

total volume of exports from Germany to the Russian Federation has been reduced after 2014. None of the selected classes has seen an increase.

France is one of the most important business partners in relation to the Russian Federation. In 2016, France was one of the five largest exporters to the Russian Federation. The total volume of French exports to the Russian Federation in 2016 amounted to $ 8.5 billion.

The sanctions issued by the European Union against the Russian Federation have seriously damaged to the French economy. French oil and food companies, as well as the automotive industry, suffer the most from these sanctions and the Russian embargo. In France, the most affected agricultural products are pork, milk, fruits, and vegetables. France would have preferred to cancel the food embargo.

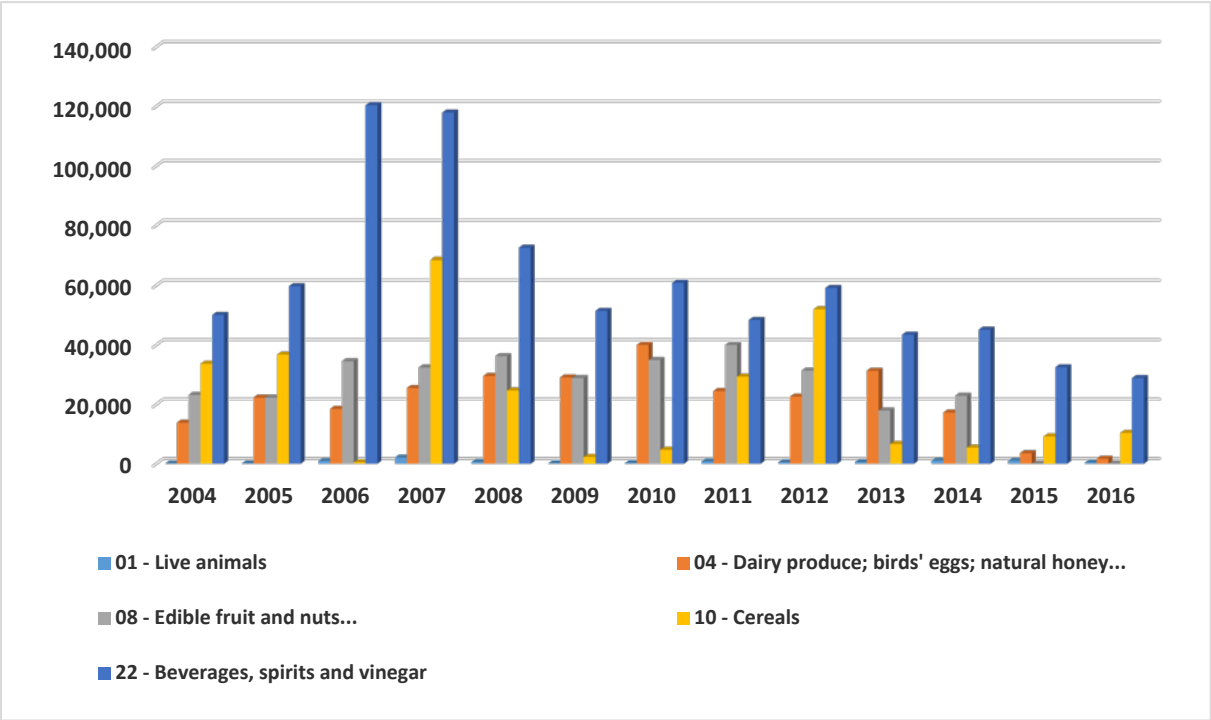


Fig. 5. Export of selected types of products (01; 04; 08; 10; 22) from France to the Russian Federation in 2004-2016 (tons)

Source: compiled by the authors on the basis of the Eurostat

As can be seen from the diagram the most exported agricultural products in trade between France and the Russian Federation, it was a class 22 - Beverages, spirits, and vinegar. France is known mainly for its French wines, which are known all over the world. The largest volume of exports of this class in 2006 was 120 417 tons. After 2006, this class only decreased. On the second place is class 08 - Edible fruit and nuts; peel of citrus fruit or melons. The imposition of the Russian embargo in 2014 had the greatest impact on this class from the point of view of France. Total exports in 2015 decreased by 100% compared with 2014. After the imposition of the embargo, France has completely stopped the export of fruit to the Russian Federation. The third place belongs to class 10 - Cereals. Although Class 10 ranks third in these products, Figure 13 shows that this class has reached very high values in 2007 and 2012. Over the past few years, this class has had a rather low value. However, if we compare the years before and after the imposition of the embargo, we will see that cereal exports will grow by 50% in 2015 compared to 2014. This is followed by a class 04 - Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included. After the imposition of the embargo, this class experienced a reduction of up to 80%. The last place belongs to class 01 - Live animals. This class, even though it is experiencing a slight decline in annual comparison, is not as serious as in other classes.

After the introduction of the Russian embargo in August 2014, French exports recorded a huge decline. In 2015, total exports to the Russian Federation decreased by almost 50% compared to 2014. In 2014, it was 91 790 tons, and in 2015, 46 273 tons. In four classes, the total volume of exports decreased. Even class 04 have completely stopped exporting. On the other hand, we also record a class that has grown since the imposition of the embargo. Class 10 increased to 50%.

The Netherlands, although not a large country, plays an important role in foreign trade. Within the European Union, the Netherlands is the fourth largest exporter. From a global perspective, the Netherlands has occupied 8th place in 2016.

The relatively high share of the Netherlands in foreign trade is also available for a significant amount of goods that came to the European Union through Rotterdam, where is located one of the biggest port of the European Union.

The Netherlands is known for its open economy, facilitating international trade without barriers and creating favorable conditions for foreign investors. Restoring relations with Russia is a priority for a traditional businessman like the Netherlands. That is why the Netherlands is also considering the situation with leaving the European Union and subsequently improving relations with Moscow and abolishing anti-Russian sanctions.

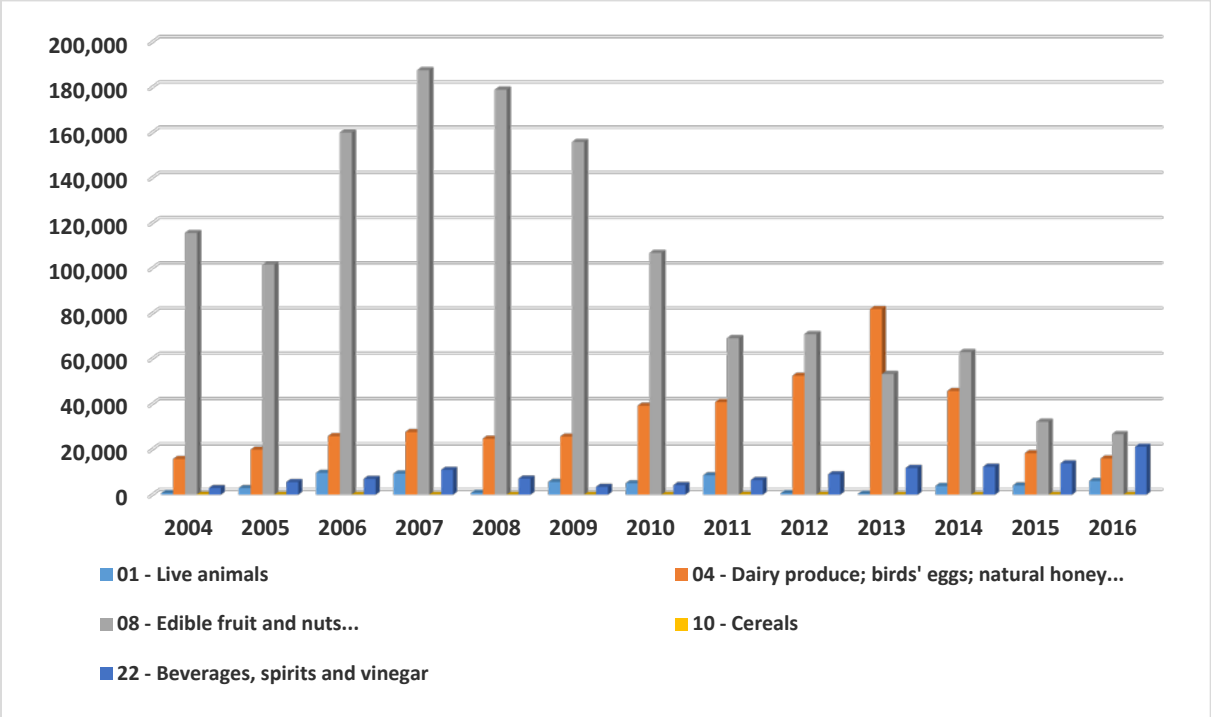


Fig. 6. Export of selected types of products (01; 04; 08; 10; 22) from Netherland to the Russian Federation in 2004-2016 (tons)

Source: compiled by the authors on the basis of the Eurostat

As can be seen from the diagram the most exported agricultural products in trade between Netherland and the Russian Federation, it was a class 08 - Edible fruit and nuts; peel of citrus fruit or melons. Before the imposition of Russian embargo, the Netherlands exported large number products of class 08 to the Russian Federation. The largest volume of exports of this class was in 2007 amounted to 187 523 tons. After 2006 this class only decreased. After the imposition of the embargo, exports of this class fell to 32 118 tons. This represents up to a 50% reduction compared to 2014. In second place is class 04 - Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or

included. This class will record a 60% decrease in total exports after the imposition of the Russian embargo. The third place belongs to class 22 - Beverages, spirits, and vinegar. Class 22 is one of the classes whose total export value did not fall after the imposition of the embargo, but, on the contrary, it has increased. We are registering a 70% increase in 2016 compared to 2014. This is followed by class 01 - Live animals. This class has also increased. We register an increase of 57% in 2016 compared to 2014. The last place belongs to class 10 - Cereals. This class records total low values for the entire reporting period. After the imposition of the Russian embargo in August 2014, the export of Netherlands recorded a huge decline. In 2015, the total volume of exports to the Russian Federation declined by almost 45% compared to 2014. In 2014, it was 124 685 tons, and in 2015, 68 270 tons. In three classes, the total volume of exports decreased. On the other hand, we also record classes that have grown since the imposition of the embargo. This include class 22 and class 01, which recorded an increase of about 50%.

3.3 Questionnaire survey

Since sanctions do not affect only the macro-environment, but also the micro-environment, so we will focus on end-users in this section. How sanctions are perceived by the end user. We conducted research using questionnaires that were in print and electronic form. The survey questionnaire was attended by those people who live, work or a long-term resident in one of the selected countries. We managed to reach up to 160 respondents from all 8 countries, namely:

- Slovakia (28),
- Czech Republic (15),
- Hungary (9),
- Poland (16),
- Germany (11),
- France (12),
- Netherland (10),
- The Russian Federation (59).

In the first part, respondents answered questions that are focused on:

- whether people know that there are any sanctions,
- changes in the consumer market,
- changes in the financial position of the end user,
- the most likely scenario in the future.

Question No.1: Do you know that in 2014 countries of the European Union, the United States, Canada, and several others imposed economic sanctions against the Russian Federation, in response to which Russia imposed restrictions on the import of agricultural raw materials and food from these countries?

In generally, consumers are aware (83 %) of the existence of mutual sanctions in international trade between the European Union and Russian Federation. Between European citizens, there are still some of them which have not heard about the existence of sanctions yet. Russians are more interested in that situation. From all 59 respondents, who was from Russia all of them responded YES I know about the existence of sanctions.

Question No.2: Please rate the changes that, in your opinion, occurred in the consumer market of the country after the introduction in 2014 of the restrictions of Russian Federation on the import of agricultural raw materials and food from the countries of the European Union, the United States, and Canada etc.

Respondents were requested to choose one answer option for each of the judgments: completely agree, agree, difficult to answer, disagree or completely disagree.

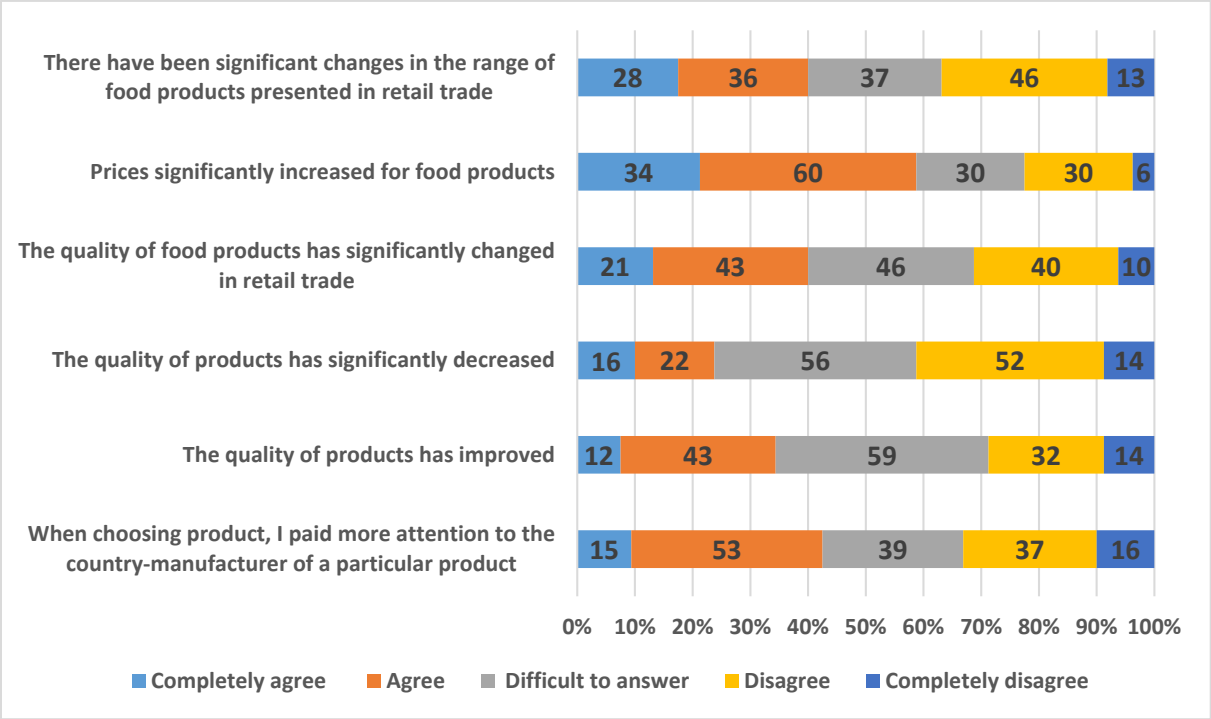


Fig. 7. Changes that have occurred in the consumer market (based on questionnaire survey)

According to the respondents, during the period of the sanctions, there have been significant changes in the assortment of food products presented in the domestic markets of the selected countries, and the majority of respondents noted a rise in food prices. Most indicated that the quality of food had deteriorated significantly in recent years.

Question No.3: How do you assess the changes that have occurred in certain areas of your life in the past 3-4 years?

Respondents were requested to choose one answer option for each of the changes. Depending on if: The situation improved, No tangible changes occurred, The situation worsened.

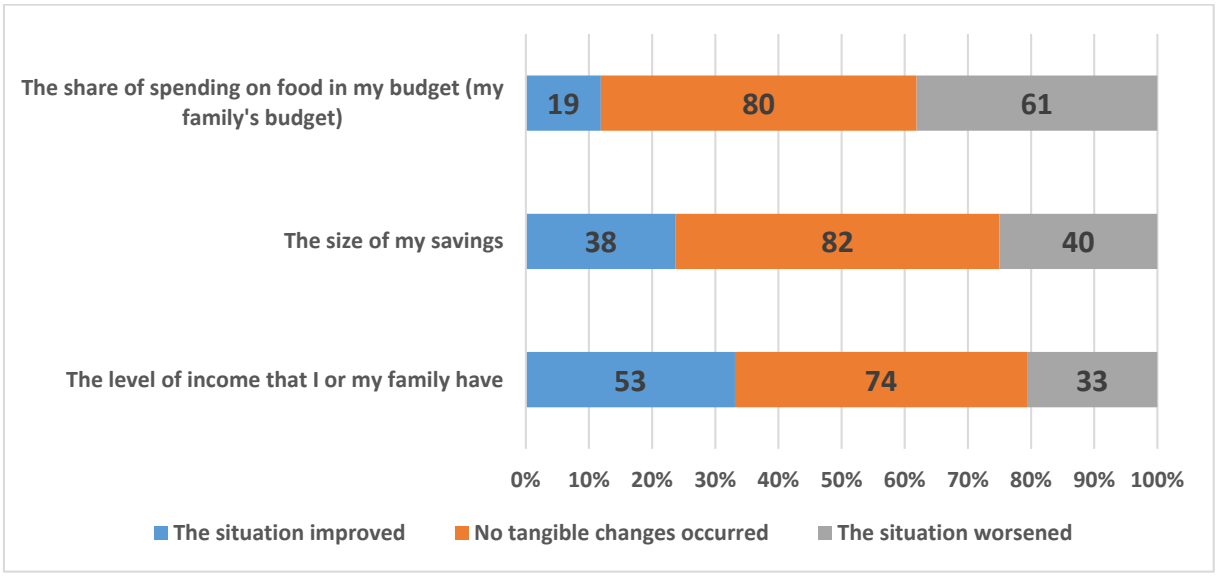


Fig. 8. Changes that have occurred in certain areas of life over the past 3-4 years (based on questionnaire survey)

The majority of respondents noted that over the past 3-4 years the situation with their incomes either did not change or worsened (regardless of the respondent's country of residence). Also, most of the respondents noted that during this period, the share of their households' expenditure on food significantly increased.

Question No.3: What do you think, which of the possible scenarios is the most likely?

Respondents should have chosen one of the possible scenarios, which could happen in following years. What is their point of view about sanctions? Whether mutual sanctions will continue for along time or it will be canceled. If it will be cancel, who will be the initiator, the European Union or the Russian Federation.

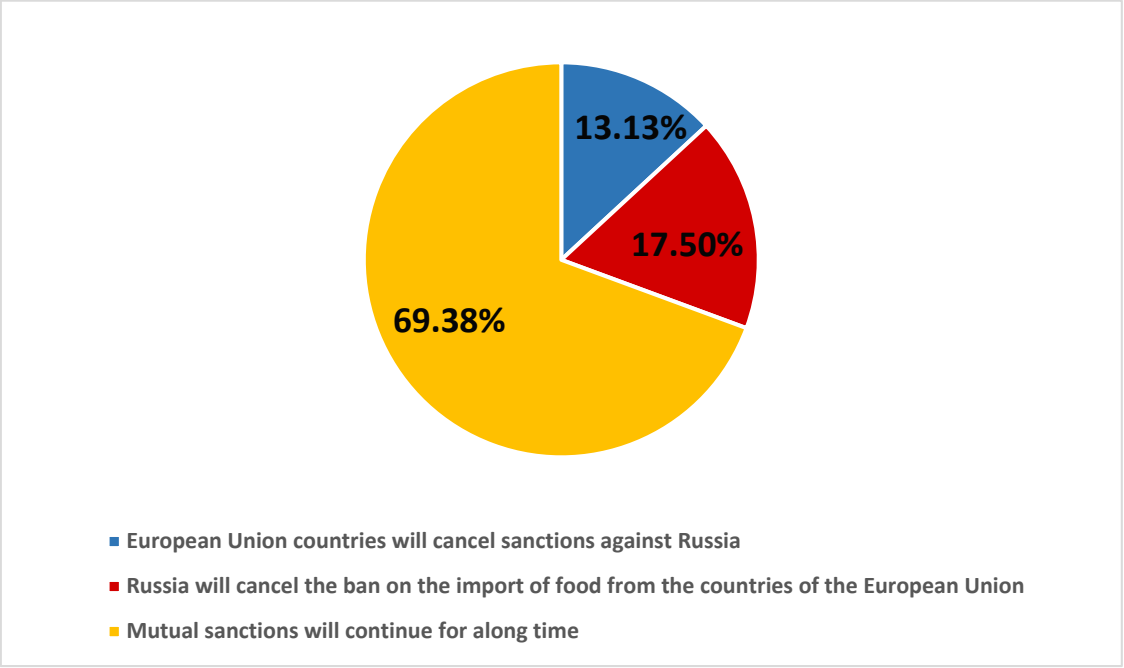


Fig. 9. The most likely scenario for the future

It should also be noted that almost 70% of respondents believe that the sanctions will continue for a long time, which must be taken into account when predicting the development of the situation of domestic food markets in the selected countries.

4. CONCLUSIONS

Foreign trade policy is a set of measures that deal with trade between a particular country and another country. In the narrow sense of the term foreign trade, we can talk about the exchange of physical goods with foreign countries. In a broad sense, the term foreign trade also includes the exchange of intangible goods, that is, services. Significant elements of foreign trade include import and export. These activities make foreign trade a real form. The concept of foreign trade is also associated with economic maturity. The higher the number of inhabitants in the country, the lower the dependence of the country on foreign economic relations, because the country can produce enough goods to meet the needs of the domestic market and does not depend on imports.

The economic session in Russia was after the imposition of sanctions and embargoes in a crisis situation, this consequences caused a weakening of the Russian economy. There are some facts as GDP of the Russian Federation declined by 33,58%. The imposition of sanctions has resulted in a decrease in GDP not only in the Russian Federation but also in the countries of the European Union. Inflation in Russia in 2015 increased to 15.5%. Changes have also occurred in the exchange rate between The Euro and the Ruble. It had a significant impact on Russian economy as well as end-users. The maximum value of the ruble was registered in January 2016, specifically 91,766. After the imposition of sanctions, the export value of goods from the Russian Federation has decreased. Compared to 2014, total exports decreased by 43% in 2016.

Since sanctions do not affect only the macro-environment, but also the micro-environment, so we focused on end-users as well. In the questionnaire survey, respondents were asked to answer 4 questions. We managed to get 160 respondents, who answered the questions about the perception of sanctions by the consumer. Most consumers are aware of the existence of mutual sanctions in international trade between the European Union and Russian Federation. Between European citizens, there are still some of them which have not heard about the existence of sanctions yet. Russians are more interested in that situation. From all 59 respondents, who was from Russia all of them responded YES I know about the existence of sanctions. According to the respondents, during the period of the sanctions, there have been significant changes in the assortment of food products presented in the domestic markets of the selected countries, and the majority of respondents noted a rise in food prices. Most indicated that the quality of food had deteriorated significantly in recent years. It should be also noted that almost 70% of respondents believe that the sanctions will continue for a long time, which must be taken into account when predicting the development of the situation of domestic food markets in the selected countries.

REFERENCES

1. BALÁŽ, P a kol. 2010 Medzinárodné podnikanie. Bratislava: Vydavateľstvo Sprint2, 2010. 546 s. ISBN 978-80-89393-18-3
2. DRIENIKOVA, K. – ZUBAĽOVÁ, Ľ. 2013. Zahraničnoobchodná politika EÚ v meniacich sa podmienkach globálneho hospodárskeho prostredia.
3. EUROPEAN COMMISIONN. 2013. Agricultural trade in 2013: EU gains in commodity exports. [online]. 2013. [cit. 2016-01-12]. Available on: <http://ec.europa.eu/agriculture/sites/agriculture/files/trade-analysis/map/2014-1_en.pdf>
4. HORSKÁ, E. – MOROZ, S. – GÁLOVÁ, J. 2016. The EU - Ukraine -Russia crisis triangle: evidence of local and global consequences for international trade. In: Global perspectives on trade integration and economies in transition. Hershey: Business Science Reference, 2016. s. 105-125. ISBN 978-1-5225-0451-1

5. KAPSDORFEROVÁ, Z. – SVIRIDOVÁ, O. 2016. Impact of sanctions on agricultural policy in European Union and Russia. International Scientific Days 2016, pp. 190 – 200, ISBN 978-80-552-1503-7
6. PEREKHOZHUK, O. & GLAUBEN, T. 2018. "Russian food and agricultural import ban: The impact on the domestic market for cattle, pork and poultry [Russisches Agrar- und Lebensmittelimportverbot: Auswirkungen auf den heimischen Markt für R," IAMO Discussion Papers 170, Leibniz Institute of Agricultural Development in Transition Economies (IAMO).
7. UBREŽIOVÁ, I. – WACH, K. 2016. Selected chapters from international management and entrepreneurship. 1. ed. Nitra : Slovak University of Agriculture, 2016. 94 s. ISBN 978-80-552-1507-5.
8. VENKUVIENE, V. – MASTEIKIENE, R. 2015. The Impact of Russian Federation Economic Embargo on the Central and Eastern European Countries Business Environments. Procedia Economics and finance 26 (2015) 1095 – 1101, Elsevier B.V. 2212-5671
9. WTI Crude Oil. 2016. [online]. In CNCB, 2016. [cit. 2016-04-02]. Available on: <http://data.cnbc.com/quotes/%40CL.1/tab/1.1>