Introduction. Russian exports mainly consist of raw materials and primary products. However, the situation for exporting industries is very different. In energy exports (oil and gas), it is very different from that prevailing in exports of agricultural and primary products (ferrous metals and aluminum and basic chemical products used for production of mineral fertilizers).

Russia is usually described as a raw material–exporting country, without, as a rule, paying attention to these differences. Nevertheless, exactly these differences make the successful implementation of a common policy in respect of all exporting industries impossible. Neither the export policy of unified tariffs nor uniform prices alone can solve the problems caused by these structural factors.

For Russia, it is very common for a difference to exist between domestic and export prices to be large. In some cases, domestic prices are lower (in energy); in others, much higher (metal). This situation gave rise to the idea that Russia was subsidizing some of its exports.

At the same time, it is an adverse situation for Russia when part of incomes from raw materials exports goes to other countries (a well-known example is export of timber by Russia with subsequent import of furniture from this raw material).

The gap in prices is aggravated by the structural characteristics of certain industries. Concentration and monopolization are often unavoidable events (especially in ferrous and nonferrous metal production), because, in some industries, profitability is directly determined by scale. This raises cartel activity, and the usual response to cartels is one or another type of price regulation (introduction of price caps and other methods).

Another complication is the problem of relative prices of tradable goods. One can usually tell that prices for raw materials are always reduced relative to prices for products with a high degree of processing. Therefore, only very few countries, as history shows, could achieve long-term growth by only developing their raw-material industries. Countries that can be specified as such an example are states with a relatively small population (Canada, Australia, and the Gulf countries).

It is true that in recent years the tendency towards some reductions in prices for raw materials has become less obvious, as price growth for some of these commodities has accelerated because of their relative scarcity. Two most obvious examples are the prices for hydrocarbons and grain. Nevertheless, even in these cases, the high volatility (mobility) of world prices, provoked by speculations in commodity markets (due to the securitization and development of derivatives that are linked to commodity transactions), has a very strong negative impact on the development of exporting countries. Therefore, we can confidently say that a more diversified structure of exports (raw materials plus products received from processing these raw materials) will help to reduce the volatility of export income and enhance the economic stability of an exporting country.

There is an additional argument in favor of the development of a scale-processing and manufacturing industry in Russia—the presence of a highly educated population. Thus, it is necessary to consider that the development of a service sector cannot provide a country with a sufficient number of jobs with high wages. Even if you create a financial services sector, where the proportion of highly paid jobs is high, it will not solve the problem, as this sector is characterized with a very high territorial concentration and is unable to ensure the development of regions of the country.
From this perspective, the development of a large-scale processing industry is a unique solution, in which a high employment level is provided with jobs with decent wages.

The following are options that can allow Russia to develop its own industry more intensively and to receive maximum benefits from its export potential. At first, we analyze the situation with relative prices and price volatility in world markets, the lack of certain raw materials, and the conversion of some commodity markets into financial one. Then, the logic of pricing and the dilemma of industrial development are considered. Finally, we discuss the measures to be taken by Russia for the development of processing and manufacturing industries.

Classical problem of relative prices and its evolution in recent years. Raw materials and primary products exported from Russia are mainly concentrated in seven industries that produce natural gas, oil and oil products, ferrous metals (including rolled metal), nonferrous metals, basic chemical products and mineral fertilizers, timber, and grain.

In two markets (gas and grain markets), domestic consumption (demand) exceeds exports by a considerable amount. With regard to the growth in exports of nonferrous and ferrous metals, it was largely related to the sharp reduction of Russian industry. Wood and oil are an example of “classical” Russian exports, as these goods were exported even before the First World War.

The dynamics of world prices and world markets of the products listed above is quite different. Here we should pay attention to the problem of relative prices (Fig. 1a) and the problem of high price volatility (Fig. 1b), which are characteristic of recent years. It is now clear that prices, which quickly increased after decades of being very low, have contributed to the shift of extraction of raw materials to more remote regions, and the long-term decreasing trend in relative prices for raw materials, apparently, appeared around 2004–2005.

Fig. 1. Price of one barrel of oil in US dollars at 2009 prices (a) and GSCI index (b) (2005 = 100%).