

Innovative Approach To Assessing Natural Resources

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Abstract: *The relevance of this study is substantiated by the fact that nonresident companies or businesses with imported means of production are always “more efficient” in comparison with the residents in terms of the system of national accounting in Russia. Thus, it aims to disclose this collision. This article shows the reasons why this became possible, i.e. due to some errors in science, theory or practice of business, etc. The main approach to the study hereof is the methods of the input and output balance (IOB), i.e. when flows of imported items are completely separated from intermediate items of domestic production, allowing to comprehensively consider errors in estimating production costs (overestimation) and results (underestimation of gross value product (GDP) within the system of national accounts (SNA) at the macro level. To correct this error at the micro level, it was suggested that nonreproducible natural resources and imported items used in domestic production should be considered not as production costs (material costs and depreciation), but capital costs financed from the cumulative profit (CP) of businesses. In other words, nonresident and mixed businesses must reimburse the country’s environmental and social losses, pay for imported items of labor from the relevant taxable (charges) funds, as well as for all elements of the cumulative value added (CVA). This article is of practical value for those businesses that develop national nonreproducible natural resources and are engaged in import substitution of items of labor (integration with the Russian economy), or for those government agencies that implement anti-sanctions in relation to the West in the national interests of Russia and seek financial resources for economic growth.*

Index Terms: *import of labor items, cumulative profit, indicators of national accounting, assessment of costs and resources.*

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I. INTRODUCTION

An innovative approach to general assessments of natural resources or damages to ecological environment and traditional crafts of the North, in particular, requires that all material costs from imports, as well as the costs of purchasing means of production (especially the imported ones), should be considered as the realization of a new value of the goods (CVA) and surplus value (that is included into the CP of the relevant joint venture), which result in applying certain economic policy of the state: if the material costs are by definition not taxable, then all value added items are to be taxed (i.e. VAT (18%), wages and other incomes (13 %) and taxes imposed on corporate income, interest, dividends (30 % or more)). In other words, all financial costs for the purchase of imported and natural items (in terms of private ownership of the means of production) should be made (and businesses do so) not at the expense of cost (production costs), but at the expense of CP [1]. In fact, the import of means of production, as well as any natural resources, are nonreproducible items in the current period (you cannot buy these goods on the domestic market), and therefore, unlike other items of labor (material costs of production), they can be purchased from the financial resources of businesses (profits) through financial (currency) and foreign export and import markets. Moreover, in a modern market economy, nonresident companies use the national wealth of Russia (its natural resources) as their own without reimbursing the costs of reproduction and in fact without reimbursing the social costs of maintaining the lives of indigenous minorities of the North and environmental damage [2]. Taking into account that today the main components of the system of traditional environmental management of the indigenous population are of natural resource nature, it is relevant to summarize the advices and studies concerning landscape-ecological zoning and to assess the quality of land in the Okrug, as well as the rational use of its natural-resource potential. Under the conditions of active technogenic processes, ensuring an optimal module of the life activity of the aborigines, which is based on traditional nature management, is possible only when assessing its current state and comprehensively reconstructing the cultural landscape (broadly speaking). During the regional-typological analysis of the results of landscape zoning, for the first time ever, the zoning and the characterization of landscape regions and districts on the territory of the Khanty-Mansi Autonomous Okrug had been performed by such prominent scientist in landscape science as V.V. Kozin,

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which opened up broad prospects for the reconstruction of a specific territorial landscape structure and the development of an optimal model for its inclusion in the system of vital activity of the indigenous population. This process implies a long-term restoration of the lost natural resource potential and development of a sustainable mechanism for the functioning of the entire system of traditional environmental management, taking into account the historically established forms of economic management, which from the earliest times have been based on fishing, hunting, reindeer husbandry and gathering. In this regard, it is logical to first describe the characteristics of the existence of these types of farms, which function in landscape-ecological conditions of the late 20th – early 21st centuries. Commercial activity is separated from any other activity and it includes no production costs (and product prices for export) for the proper concern for the environment and people's life (the priority of private property, including foreign, to public (state), as provided by the Constitution, is the result of this approach). This can explain any sales of our national wealth (oil and gas) in 2014 – 2016 at a price five times lower than the price of reproduction, including environmental and social losses (oil prices (and gas and other energy resources) decreased 2.5 times, while the cost of importing items of labor (and consumption) increased due to the increase in the exchange rate 3 – 3.5 times). This can explain that in the past 25 years two times more oil (developed during the Soviet era) has been pumped out and exported than it has been recovered (stocks were increased by geological exploration and design and survey organizations, and especially by operating companies) [3]. Nowadays the economy of Russia is based on foreign technologies and, therefore, the use of imports to ensure capital and current costs is widespread (e.g. in automotive, electronics, civil engineering, textile, clothing and footwear and food industries). This is especially true of the industries and regions of the Russian Arctic, which has been developing for the last 25 years in the interests of monopolies and the population of the West (to develop and sell more oil and gas at world prices for export, to build the infrastructure in such harsh conditions is 2 – 3 times more expensive than in normal conditions (boreholes for difficult-to-recover hydrocarbon reserves on the permafrost and the sea shelf, pipelines, seaports and roads), on the one hand, and import (buy at world prices) production facilities from Western corporations for this purpose (up-to-date technologies, machines and components), thereby limiting the development of Russian enterprises as allegedly uncompetitive, on the other hand). All of these things are made so that foreign investors could use our national wealth as if it was their own, on the one hand, and to strangle Russian industries (especially agriculture), on the other hand. Disintegration of our own national intersectoral complexes, carried out in the form of so-called market reforms (i.e. liberalization of foreign economic relations and prices, downsizing state enterprises and privatization) led to the destruction of national enterprises of a full cycle, formation of "domestic" complete knock down businesses (which assemble commodities from imported components), or creating companies held by foreign owners. The 2014 – 2018 Western sanctions against Russia have demonstrated that foreign controlled businesses mostly damage our national interests and inflict big losses to Russia due to their dependence upon global markets which are controlled by international monopolies and US politicians. Many projects

in the Russian Arctic are not feasible (due to the breach of contracts for non-economic, political reasons) or ineffective (due to the unfavorable market (foreign exchange or oil and gas) conditions. Finally, this simple truth is recognized at the federal and regional levels. Therefore, the Russian government sets the tasks to ensure the import substitution of the Russian economy.

II. METHODS

This study is based on both functional economical and innovative approaches to modeling which apply some new indicators of costs and effect from the point of view of the Russian national interests. They make it possible to prove that the social and economic efficiency of production complexes with only Russian chains (i.e. import of items of labor is not used) is always higher in comparison with the relevant nonresident or mixed CKD manufacturers [4]. This is explained not only by their greater stability in global markets (due to the proper government regulation for the public purposes) and the increase in employment (which results in increased well-being), but by errors while calculating the indicators of costs and production results within the SNA formed in interests of international monopolies.

III. RESULTS

For the innovative approach to the import of means of production in the context of globalization to become fully recognized, one should theoretically substantiate the efficiency of import substitution of items of labor, i.e. industrial integration with domestic companies (but not with nonresident competitor companies). For this, one should apply new methods and models of reproduction of the product and wealth of national economies and new indicators of economic management. One of these methods is the economics of input and output or the Western input-output analysis (IOA). It is necessary to also recall the theory of input-output balances (IOBs) and the relevant discussion [5, 6] about the relevant regional models which has not yet been completed, i.e. the "main" one, which is recommended in most scientific publications and textbooks in analysis and forecasting, and the "regional" one, which is more appropriate to the conditions of an open economy [7-9]. However, in the 1980s of the last century, this theory of the regional IOBs was relevant for the regions of the USSR, while today it has become relevant in the context of globalization for Russia (i.e. the national economy of Russia), which has also become an open economy [5, 6, 10]. Most Russian IOA experts are still mistaken when they consider that models with undivided and separated flows of manufactured and imported goods are equivalent and, therefore, they recommend the first ones in most scientific journals and textbooks to be used in management. Although, more than 30 years ago, it was theoretically proved [10] that the coefficients of the total demand in models with undivided flows were overestimated due to the indirect links from import

(which do not exist within the national economy), and the final output volumes were accordingly understated, thereby resulting in methodological and practical errors while making calculations for such models for further analysis and forecasts. Since the modeling of IOBs with separated flows required more expenses for obtaining reliable information, domestic scientists and practitioners saw no such problems while reflecting the imports in general and imports for production, especially taking into account that the imports for production was insignificant in the national economy of the USSR. To substantiate the proper ways to substitute items of labor, the relevant macroeconomic indicators were calculated and analyzed for both SNA and the proposed system for measuring the macroeconomic cycle. The following was revealed.

1. The intermediate consumption has been equal to 4.5% of gross output (GO) (4.1 – 5.0 %) over 20 years due to the imports. It is not included into the production in kind (the sum of IOB Quadrants I and II); however, it is included into the cost of such production (the sum of IOB Quadrants I and III).

2. The MK/IOB innovative model clearly shows that import for production is not an intermediate product (material costs), i.e. an item of IOB Quadrant I with separated flows of manufactured and imported products, and a CVA item shown in IOB Quadrant III (along with other items of money resources) is the demand for the final domestic product (expressed in national currency) and imported goods (through the foreign exchange market) expressed in foreign currencies [4]. Thus, from this balance it can be seen that when the USD rate changed in 2014 two times (from RUB 30 to 60 per USD), the cost of imports for production (other things being equal) was no longer 4.5 %, but 9.0 % of GO and all material costs in the GO structure increased to 50% (instead of 45.5 %) with the same material production flows in kind. When this innovative approach to assessments of imported items of labor is applied, not only macroeconomic indicators of costs and effects should be modified, but certain appropriate changes at all levels of the national economy are to be made and, first of all, at the micro level (all macroeconomic indicators of production are aggregates of enterprise indicators) [3]. In the structure of production costs, purchasing imports for production should be distinguished, i.e. output at any level should be presented in the form:

$$GO = IP(MC) + IIL + SE + A + P = IP(MC) + CVA = IP(MC) + (IIL + GVA) = (IP(MC) + SE) + (IIL + GP) = So + CP,$$

where GO = gross output; IP(MC) = an intermediate product, material costs generated by domestic items of labor; CVA = cumulative value added; IIL = material costs generated by imported items of labor; GVA = gross value added; A = consumption of fixed capital, depreciation; SE = salaries and emoluments (with deductions); GP = gross profit; CP = cumulative profit; and So = production costs (without the cost of imported items of labor). In practice of management (according to the theory of production factors) such estimations (in order to reduce material costs and nontaxable costs in general (IP(MC) + SE) and to increase cash expenditures (income) as the demand for real assets, also called CVA and CP), including taxes, will not be in the

interests of businesses (oligarchs) seeking to increase the current net profit (P). However, strategically, such estimations are an essential insurance against the current global market risks. After all, as a result of the Western sanctions, losses from imports for oil and gas companies, in which the imported items of labor in their material costs make approximately 70 % (instead of 10 % on average in the Russian economy), will not make 4.5 % of sales, but about 30 % (i.e. seven times more). Moreover, the same amount was lost by the Russian oil-producing companies on their exports when global oil prices decreased more than two times. Such losses would not exist if they proceeded from the Russian national interests, as it was the case in the USSR. If the financial resources spent over the last 25 years to purchase imported products and items of labor (including the oil and gas complex) had been directed through taxes and government investments to innovations into the Russian industry and agriculture, the import substitution would have been already completed in the leading sectors. When the Russian market became open for advanced economies after the reforms in the 1990s of the last century (liberalization of foreign economic relations and prices, privatization in favor of foreign investors, which was based on the actual lack of proper protection of national interests by the bourgeois government of Russia), not only Russian oligarchs, but imperialists of all Western countries (primarily the United States of America) also participated in the exploitation of the Russian people. Unfortunately, with all that rhetoric about the national interests and import substitution, the Russian government is planning to further colonize Russia by way of privatizing their strategic companies that remained in the national assets (Gazprom and Rosneft, VTB and Sberbank, Transneft, Aeroflot and Russian Railways) supposedly to replenish the state budget in a crisis. As a result of the authors' studies [4], it is shown that all the main indicators and proportions within the SNA are incorrect (material costs are, as an intermediate product, increased due to imports for production, and the final national product is underestimated). Actually, the SNA in terms of its current methodology and structure would be more correct to call the system of imperialist accounts (SIA) because its main indicators (gross national product (GNP) before implementing the SNA in 1993 and GDP in current conditions) are not at all national, i.e. in the interests of the Russian people, but international, i.e. introduced in the interests of the imperialists. An error in GDP estimations (understating it by including the import of items of labor in intermediate consumption of manufactured products) is not of a technical nature, but is a mistake from the ideological and economical points of view, i.e. it shows the effectiveness of integration with foreign investors (competitor companies) and the inefficiency of import substitution.

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From the ideological point of view, it was a mistake (deliberately made by those liberals which are in command in

Russia) to reject the scientifically based theory of Marx and Lenin (i.e. the theory of surplus value by K. Marx and the theory of the essence of imperialism by V.I. Lenin) and adopt the vulgar (as it was called by K. Marx 150 years ago) theory of production factors by J.B. Say.

From the economical point of view, it was also a mistake while assessing the imports of items of labor in order to ignore any national interests of both the Russian people (in general, the import is an alternative to domestic production, employment and growth of the population's welfare) and the national businesses because when they had underestimated the final domestic product against the imported ones, they provided an opportunity for foreign competitors to occupy a niche in the domestic market. This is exactly what Russian oligarchs and leaders ignore when they continue to import car components, building parts and equipment for construction, or raw materials for textile, clothing and footwear or food industries at prices that increased 2.5 times (they even support this from the Russia's very poor state budget, e.g., in 2016, RUB 150 billion were assigned to the automotive industry which produced mainly foreign brands for export), on the one hand, and continue to sell (supply for export) national oil and gas at prices that decreased 3 – 4 times (i.e. the country's national heritage and the Russian competitive advantage is given to the West after the reforms of the 1990s), on the other hand.

Accordingly, in order to eliminate such mistake in the structure of production costs, it is necessary to single out the purchased imports for the production of IIL and introduce certain indicators of CVA and profit as items of labor and surplus value (SV). Consequently, at the micro level, it is necessary to modify the accounting and statistics of production costs by allocating the costs of imported material resources of production and transferring them from the "Cost of Materials" item to the "Cash Expenditures" item. In accordance with the above approach, it is necessary to modify the Statement of Financial Results of companies which import products for their current production, and their balance sheet by transferring their Intangible Assets to their Financial Assets.

IV. DISCUSSION

In the oil and gas sector, success and even existence of a business depend on its operating expenses, which are to be analyzed and specified while monitoring whether its resources are efficiently used or how its production costs are formed [11]. It is crucial to audit whether its operating or selling (products, works or services) expenses are registered correctly or properly since the total cost is an important evaluative indicator that determines its operational efficiency.

A priority for any business in the oil sector is to reduce its operating expenses. The price and quality are the main factors which affect the competitiveness of any product. It is necessary to note that a business may regulate and reduce its own operating expenses. If a business does it, then it will be more efficient and save its own labor, material and financial resources [12]. An auditor should give proper advices to

reduce the cost of oil production through the relevant measures developed on the basis of a feasibility study of such business.

It is the most difficult to audit the cost of oil production as it requires to monitor how correctly and properly it is formed on a regular basis, and this is done by internal auditors. Accounting for operating expenses is a single process which is based on proper monitoring of the oil produced. Thus, the method of cost accounting is a certain interrelation of rules and methods of reflecting and controlling the operating expenses and calculating the actual cost of production (works, services).

Regardless of the type of cost audit, an auditor or audit firm should make the following to achieve its main goal:

a) To assess whether the method applied for registering the operating expenses for regular activities, the method of cost accounting, the option of consolidated cost accounting and methods for distributing general production and economic expenses are proper or not,

b) To approve the initial assessment of the accounting and internal control systems,

c) To approve the accuracy of registration and reflection of all expenses in the books, and

d) To check the cost indicators according to the consolidated accounting of production costs [13].

Audit of production costs is a time-consuming process that requires proper knowledge of applied regulatory documents and guidance, as well as the peculiarities of calculating the cost of oil production. Therefore, before the documentary audit, auditors should study the organizational and technological features of the enterprise, as well as its specialization and volumes and structure of each product. Having analyzed the accounting policies and features of production, auditors should make a conclusion whether the method applied in order to register the operating expenses for regular activities, the method of cost accounting, and the option of consolidated cost accounting are proper or not.

The internal audit should determine whether the cost of one ton of oil production is registered properly. One of the main conditions for obtaining reliable information on the cost of production is a clear definition of the composition of production costs. The structure of the cost of oil production is the ratio of individual production costs to their full result, in other words, the share of individual costs (in %) in their total amount. Internal auditors should develop and document a program defining the scope of the planned audit procedures. Such audit program is a general plan and a detailed list of audit procedures necessary for the practical implementation thereof. In accounting, the cost of oil production is defined as a set of expenses for regular activities which are incurred in the course of production for the reporting period. The expenses determined for tax purposes are the values reducing the taxable base of the company.

All business transactions must be documented with primary documents. The principle of documenting costs determines the task of an auditor, i.e. to confirm the availability of documents to support the costs, and to verify the correctness of reflection of these transactions in the relevant books.

The purpose of the cost audit is to find out whether the cost of oil production is registered properly and correctly. While examining the cost of oil production, an auditor should make the following:

- To assess whether the method applied in order to register the operating expenses, the option of consolidated cost accounting and methods for distributing general production and economic expenses are proper or not,
- To approve the accuracy of registration and recording of direct and overhead (indirect) costs,
- To verify the cost indicators with the consolidated cost accounting,
- To approve whether certain types of costs are included into the production cost properly or not,
- To check whether the selected cost accounting policies and methods are complied with on a regular basis or not,
- To check whether certain costs are included into the actual production cost on a timely basis only or not,
- To check whether the cost of materials, wages, depreciation or insurance premiums, etc. are properly included into the production cost or not,
- To approve the initial assessment of the accounting and internal control systems,
- To verify the procedure for registration and writing off of the oil production costs [13], and
- To check whether all the costs are registered properly and correctly or not.

While studying the costs, an auditor should establish the correctness of calculating the cost of oil production [14]. Primary documents supporting the accounting of each type of cost must be properly executed and contain all the required details. Checking whether any expenses are properly included into the production cost, an auditor should group the material expenses, labor costs, insurance premiums, depreciation of fixed assets and other expenses.

The Accounting Regulations determine which expenses are included into the production cost in details. In this regard, an auditor should verify whether any related expenses are registered properly in compliance with any applied accounting and tax requirements.

Accounting for the expenses registered for tax purposes is of particular importance. An auditor should find out the following:

- Whether production costs are properly allocated for the reporting periods,
- Whether the selected method of estimating the material resources included into the production cost is properly applied,
- Whether the cost of depreciation of tangible and intangible assets or other expenses, including those associated with production control, are properly included into the production cost,
- Whether the general production costs are properly

allocated for each object of costing,

- Whether the control of waste and rejected products is properly performed, and
- Whether the accounts are properly corresponded, etc.

While checking the production costs, an auditor should determine how the production and selling (products, works, services) costs are grouped to plan, register and estimate the cost of products (works, services), i.e. whether these costs are registered on an analytical basis (or there are any violations of laws). Moreover, an auditor should check whether the list of cost items, their composition and methods of allocation based on types of works are defined in compliance with the industry guidelines for planning, accounting and calculating the cost of oil production, taking into account the nature and structure of production.

To check whether any expenses are properly included into the cost of oil production, it is necessary to obtain evidence that:

- All sources for indemnification of such expenses (at the expense of production cost, reserves, budget financing) are separated properly,
- All reported figures of the cost of services are valid and all costs are properly grouped according to their place of origin (production, shops, sites),
- All costs of auxiliary production and including thereof into the cost of services are valid and proper, as well as registration of any sales of services of such auxiliary production,
- All expenses are properly included into the general production (and general business) costs, as well as they are properly grouped by objects of calculation in accordance with the principles formulated in the Accounting Policies of such company, and in accordance with the regulatory requirements,
- All production costs are timely included into the cost of services,
- All deferred expenses are properly registered and timely included into the production costs,
- All items of value are properly included into the cost of production (works, services),
- All initial assessments of the accounting and internal control systems are properly performed,
- All acquisitions and procurements of materials are properly registered in accordance with the Accounting Policies of such company,
- Any expenses related to nonmaterial costs have been included into the production costs, or any VAT sums have been registered to any production accounts,
- Any materials used for construction, repair or maintenance of social or cultural facilities, which should be financed by the profit or other relevant sources, have been registered as the production costs,
- All norms for consumption of raw and other materials are properly set in accordance with the technical conditions and production technologies,

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- All deficiencies are properly written off within the natural loss rates,
- There have been any expenses for training on the newly commissioned object,
- All insurance premiums are properly calculated and accrued,
- All depreciations for fixed assets are properly calculated,
- All costs included into the production costs exceeding regulated limits and norms are properly registered on an analytical basis, and
- All other expenses and costs are properly grouped and registered.

While auditing the cost of oil production, an auditor should observe a rational balance between the cost of collecting audit evidences and the usefulness of such information.

When collecting the above evidences, an auditor should take into account all oil production peculiarities and accounting policies of the company. The most important is to learn such policies, the operating chart of accounts and the schedule for document flow. It is necessary to check whether the cost is properly registered by items with the highest occurrence rate. It is very important to optimize the audit. That is why analytical procedures, which are one of the ways to obtain audit evidences, play a major role. Such analytical procedures give the auditor a significant amount of information and allow spending less time than any detailed testing.

These analytical procedures are among the types of audit procedures and consist in identifying, analyzing and evaluating the relations between the financial and economic indicators of the company. Their use is based on the existence of an explicit causal relationship between the analyzed indicators.

The method of analytical procedures applied to check expenses in oil production involves two approaches based on the criterion of access to the information, i.e. cost-based analysis of relations between balances and turnovers and functional analysis (production costs are analyzed).

When examining the costs for oil production, the above procedures provide “in depth” analysis of each cost item. The result of interaction of all subsystems is the adoption of managerial decisions in regard to the composition and formation of production costs, and the determination of the financial result for all economic activities of the company and various levels of management [14]. Thus, taking into account the versatility of management functions at the current stage of reforming accounting, the research of production costs and cost calculation should be carried out on the basis of the relationship of management, financial accounting and the corresponding elements of analysis and audit. In the current economic conditions, the topical issue is to identify the possibilities of efficient forms of development of oil producing companies. A significant role in this is played by the cost index that the variability of managerial decisions in the formation of its development strategy depends on. Among the audited aspects, the cost audit is the most significant one, the main task of which is to establish the compliance of the applied methodology in accounting and tax accounting with the regulatory and legal acts of the Russian Federation and the

Accounting Policy of the company. The cost plays a leading role in the general system of indicators characterizing the efficiency of the economic activity of the company and its structural divisions. This question is highly relevant, since the economic stability of the oil producing company depends on the cost audit. Transferring in the structure of the cost of production of imports for the production of IIL from the production cost to the CVA and CP, as items of labor and surplus value (SV), radically changes the company’s performance indicators. If it is a purely domestic business (with no import of items of labor), its CP is equal to its gross profit, and its net profit (as a business goal) is not changed, as its performance indicators (profitability) will be the same provided all other aspects are equal (as in the traditional approach to analyzing production). However, if this is a “screwdriver” business, then an innovative approach will show the entire fraudulent essence of the existing accounting within the SNA (their performance indicators will erroneously (really) be higher than they really are (the costs are lower and the profits are higher). The Russian state policy also helps to make such fraud by exempting import of items of labor from all taxes, while all elements of GVA are subject to taxation (almost 50 % of GVA in total).

V. CONCLUSION

Having analyzed the Russian SNA and IOBs for 1994 – 2014, the authors consider that the consumable items of labor in mechanical engineering (spare parts and components), food industry (imported food raw materials), construction (building materials and structures), transport and communications (imported fuel, spare parts and components) and closely related appropriate means of labor (technologies and machinery) should be the priority of import substitution.

In the national interests, these means of production should be always made in Russia (as long as the capitalist environment exists). To solve this problem, the relevant programs for developing the Russian defense industry and agro-industrial complexes and all related national sectors should be supported by the government. It is long overdue to reorient the state support of the Russian oil and gas complex to fully meet the domestic demand (i.e. to refine oil in Russia in order to sell the products to domestic businesses and consumers at a higher priority) and to modify the state regulation of prices and foreign economic relations in the national interests.

If this innovative approach to the state policy of import substitution is adopted, the federal budget will be increased 3 – 5 times in comparison with the amount from the privatization of strategic domestic companies as proposed by the Russian government. Thus, if the total imports of items of labor, i.e. > RUB 10 trillion in 2014 according to the Ministry of Finance (which are currently referred to nontaxable material costs of production), are considered to be the profit of companies (mostly nonresident) and subject to at least 30 % tax on the import of items of labor,

it would not only increase the competitiveness of the domestic production of relevant items of labor, but would also give about RUB 3 trillion revenue to the state budget to finance the import substitution program. Obviously, we may not allow oil companies to bargain away the Russian national wealth, i.e. to export Russian oil at a price of USD 30 per barrel instead of USD 100 or at least 50 (as budgeted), thereby ignoring the national interests and even the market laws (in the USA it was forbidden to export oil during 40 years, as contrary to their national interests). In the authors' opinion, it is urgent to prohibit such exports of oil and gas (at a price below USD 50 per barrel), and this can be done through taxes and customs tariffs on exports, which will give the budget (federal and regional) at least RUB 2 trillion on a yearly basis. Moreover, to do the above, it is required not to reduce the production volumes (as agreed by the Russian government), but to redirect the flow of crude oil from exports to domestic refineries and petrochemical plants (and perhaps strategic storage facilities) for its further refining and storage (this will be a real response to the Western sanctions).

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