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Development of Regional Foreign Economic Activity in Modern Russia

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Abstract: The globalization of the world economy is an objective reality of the present stage of its development. The economic interdependence of the development of individual countries, regions and enterprises is manifested through the process of deepening the international division of labor that includes new subjects of economic relations. The process of globalization is developing simultaneously with regionalization of economic activity. Separate regions and large cities, involved in this process, join regional, international and transnational cooperation. Socio-economic reforms in Russia, to a certain extent, meet the principles of globalization, contributing to the process of real federalization of the state, liberalization of the economy and foreign economic relations. One of the most important consequences of the process of reforming the Russian economy is a noticeable activation of the role of Russian regions in its integration into the world economic relations. For many regions, foreign economic relations have become an important condition for sustainable economic development and a factor ensuring mutually beneficial cooperation, the movement of capital, goods and services between domestic and world markets, the achievement of scientific and technological progress and employment in the open economy. The market economy has opened up opportunities for enhancing the development of foreign economic activity (FEA). To reveal the opportunities for participation of one of the Russian regions in these processes and the formation of a new methodological approach to the implementation of foreign economic activity at the regional level, determines the relevance of the theme of the work.

Keywords: foreign economic activity, regional economy investment attractiveness, economic integration, export, import

JEL Classification: P45, P33, O24, R12

INTRODUCTION

Foreign economic activity has always been a priority direction in the policy of any state, as it creates the basis for the formation of profitable trade and a favorable investment climate in the country. Modern processes of globalization and internationalization of management have qualitatively changed the conditions of foreign economic activity, shifting the emphasis towards regional entities. Recently, the importance of regions as subjects of international activity has increased significantly; the local governments are more actively engaged in foreign economic activity, supporting foreign business in their territories, helping the region's enterprises to develop foreign markets, and creating conditions for effective foreign economic activity.

In Russia, a heated debate is currently going about the process of active entry of Russian regions into the system of world economic relations. On the one hand, the regions take on certain regulatory functions, which is one of the positive results of the decentralization of public administration. On the other hand, the regions, independently pursuing their own interests in foreign economic activity, pose a threat to the integrity of the Russian national economy.

At the level of Russian regions, the problem of development and improvement of foreign economic activity and its effective integration into the system of foreign economic relations of Russia is insufficiently explored.

Goods, work, services, the results of intellectual activity, etc. can become objects of foreign economic activity at the level of the region. Depending on the object, types of foreign economic activity may be singled out.

Types of foreign economic activity of Russian citizens and legal entities are determined by the international treaties and the laws of the Russian Federation. These include foreign trade agreements, international production cooperation, international investment, leasing activities, as well as some others.

Depending on their activity, foreign economic activity entities may be actual or legal. Actual actions do entail legal consequences: verification of the counterparty's solvency, negotiation, monitoring of the market of goods (work, services), etc.

By contrast, legal actions entail legal consequences. For example, due to the accreditation of a branch, the subject is entitled to carry out activities in the territory of the accreditation state.

In general, foreign economic activity is foreign trade, investment and other activities, including production cooperation in the field of international exchange of goods, information, services, results of intellectual activity, including exclusive rights to them (Prokushev, 2011).

It can be implemented for various purposes: satisfaction of material and spiritual needs, generation of income and maximization of profit, achievement of significant goals, for instance, educational, charitable, scientific, religious, etc.

In a market economy, any entity – financial and non-financial enterprises, government agencies and non-profit organizations, individuals – (except in cases limited by law) has the right to conduct foreign economic activity. When carrying out foreign economic activities, contractual relations arise between the residents of the country and its non-residents.

Foreign economic activity is formed on the basis of implementation of foreign economic relations (Strovsky, 2010). On the same basis the international division of labor is carried out, which makes it possible to achieve labor efficiency in the process of rational production and the exchange of its results between different countries.

LITERATURE REVIEW

Theoretical questions of the participation of regions in foreign economic relations were studied on the basis of the works of A. Smith, D. Ricardo, M. Porter, L. Walras, V. Leontiev, E. Heckscher, and others.

Issues related to the definition of the place of regions in the national economy are considered in the works of I.V. Argenovskiy, S. Voronkov, A.G. Granberg, V.F. Zakharov, A.S. Marshalov, A.S. Novoselov, N.N. Nekrasov, and others. Theoretical contributions to the study of this problem were made by W. Jones, R. Hartshorne, R. Platt, and others.

Analysis of various functions of the region, including its foreign economic activities, as well as an assessment of the role and importance in the territorial development of foreign economic and innovation potentials were carried out in the works by E.G. Animits, E.L. Andreeva, V.L. Bersenev, L.M. Kapustina, A.A. Maltsev, M.I. Maslennikov, A.N. Pytkin, O.A. Romanova, A.I. Tatarkin, and others.

In modern economic science, the regional stimulation of foreign economic activity was considered by S.M. Kadochnikov, A.P. Kosintsev, A.A. Maltsev, L.E. Strovsky, and others.

The external economic potential, as well as the methods for its assessment, have been studied in the works of V.P. Astakhov, N.S. Bludova, Yu.N. Dmitrievskiy, S.V. Doroshenko, Yu.N. Gladky, A.D. Sheremet, S.M. Burkov, and others.

In our opinion, the treatment of foreign economic activity “as a subsystem of international production relations ensuring the transition of reproductive processes from the national to the world environment and the realization of production factors on the basis of the principle of comparative advantages and higher production efficiency” (Dolgov & Vasiliev, 1997) deserves the greatest interest. This approach to foreign economic activity is extremely important when considering the methodological principles of implementing world economic relations. An analysis of these principles will be carried out in the next section of this chapter.

The study of economic literature in the field of foreign economic activity has shown that it is often equated to the category of “foreign economic relations” (Silnov, 2016). At the same time, foreign economic relations are defined as “a set of directions, forms, methods and means of trade and economic, monetary, financial, production and scientific and technical cooperation.” According to some economists, the categories of foreign economic activity and foreign economic relations are not identical (Pokrovskaya, 1999).

The very concept of foreign economic activity, as V.V. Pokrovskaya notes, appeared in Russia in 1987 in connection with the need to change the management system and initiate reforms in the sphere of foreign economic policy of the state.

Reforms in the foreign economic activity meant the decentralization of foreign trade and the transition from intergovernmental foreign economic relations to foreign economic activity at the level of individual economic entities.

In the course of implementing reforms, the new concept of foreign economic activity significantly influenced the perception of the nature of Russia's international economic relations and changed the existing understanding and character of foreign economic relations. We define foreign economic relations as forms of realization of interstate relations in scientific and technical cooperation, production, trade and monetary and financial relations.

In the substantive part, they consist in providing export supplies for federal needs and interstate economic, financial and credit obligations and intergovernmental trade agreements of Russia, as a rule, within the framework of international specialization and cooperation. As V.V. Pokrovskaya notes, foreign economic activity, unlike the foreign economic relations, is carried out at the level of individual production structures with complete independence in choosing the foreign market and the foreign partner, the range and assortment of the goods involved in the turnover, the cost, volume and delivery dates and is part of their production and commercial activities (Pokrovskaya, 1999).

In the work of another economist, T.V. Voronina, foreign economic activity, in comparison with foreign economic relations, is defined as a more capacious, generalizing category. As the author notes, it acts as a link in international and national production relations, while the international production relations themselves take the whole spectrum of relations between subjects of national economies (Voronina, 1993). Accordingly, the category of "foreign economic relations" appears to be a narrower concept - as part of the foreign economic activity, represented by a combination of "types of economic activities carried out jointly by partners in international economic cooperation with their specialization in a single final result within the framework of a legally formalized agreement on rights and mutual responsibility, the distinguishing feature of which is the inter-country movement of products, services, and resources" (Soloshenko, 2010). Therefore, it is considered a subsystem of foreign economic activity.

Agreeing with the opinion on the need to distinguish between the categories of foreign economic activity and foreign economic relations, it is important to note that in our work, based on the research objectives, within the framework of foreign economic activity of a particular region, special attention should be paid to the principles of implementing foreign trade and investment-production cooperation, as the leading direction of including Russia into world economic ties at the regional level, while the external economic ties of the region will characterize specific areas, forms and methods of realization of this kind of economic relations.

Nevertheless, despite vivid scientific interest in the problem of involving regions in the international division of labor, theoretical and practical research in the field of managing foreign economic activity at the level of the constituent entities of the Federation is not systemic; there is no clear allocation of regional functions in foreign economic activity; no methodological recommendations have been made regarding the development of regional strategies for foreign economic activity, as well as their implementation and evaluation of results. In connection with the foregoing, the purpose, structure and tasks of the research were determined.

MATERIALS AND METHODS

Our study is based on the principles of the system approach as a scientific method for studying the processes of formation of the organizational and economic mechanism for managing foreign economic activity in

the regions of the Russian Federation, assessing its effective management. We also used the following methods: method of comparative analysis; economic, logical, historical analysis, etc.

The information base of the research is the data of the Federal Service of State Statistics, the Ministry of Economic Development of the Russian Federation, the Federal Customs Service, review and analytical materials published in domestic and foreign media, materials of scientific and practical conferences, and materials of operating machine-building enterprises.

Depending on the nature of the use of information, the methods of obtaining it, the technique of analysis and its final results, the methods of conducting research in the foreign economic sphere can be divided into the following types:

Desk studies that are carried out on the basis of secondary information – official printed sources – and give general ideas about:

- the state of the customs legislation;
- the general state of economy, development trends of individual markets;
- the state and development of the world commodity market;
- the development of individual industries;
- the state of the economy of individual countries;
- market availability, its territorial remoteness;
- the cost of transportation;
- trade and political regime of individual countries;
- statistical data on the issue under study.

Such studies are relatively inexpensive and provide an opportunity to get answers to the questions of interest very quickly. They use methods of economic analysis in combination with the methods of econometrics and mathematical statistics.

Field research, or market research on the spot, is the most complex and expensive, but also the most effective method of study, so only large companies resort to it. The advantage of this method is that it makes it possible to establish personal contacts with potential customers, purchase samples of goods that are most in demand in this market, conduct questionnaires, etc.

The method of trial sales is used in those cases when there is no necessary information about the market or the firm does not have time for comprehensive market research, as well as for the sale of rare and new products. With such sales, the firm bears the risk of incurring losses, but this method makes it possible to establish direct business relations with potential buyers. However, this method has a certain drawback – using the trial sales method, a market situation is modeled on the basis of which a forecast is made for the entire market, which is not always justified (Doronina *et al.*, 2016).

Personal contacts with representatives of foreign firms are important in the study of the market. These contacts are established through mutual visits of firms, during meetings of business people at international fairs, exhibitions, at international auctions, commodity exchanges, etc.

Foreign economic activity is a combination of methods and means of trade and economic, scientific and technical cooperation, monetary and financial relations with foreign countries. The most important

part of foreign economic activity is foreign trade, which is defined as entrepreneurial activity in the sphere of international exchange of goods, work, services, information, and results of intellectual activity.

DISCUSSION

Foreign economic activity in the region's economy. The development of modern Russia means its active involvement in the international communication at all levels of the vertical state system. The strategic factor of stabilization and growth of the economy of the Russian Federation for the short-term perspective is the structural reorganization of the entire national economy, aimed at active integration into the world space on the basis of redistribution of powers in the sphere of foreign economic activity to the level of the subjects of the Russian Federation

The process of structural reorganization of the national economy should aim at the formation, first of all, at the level of individual regions, of the most efficient and competitive economic entities both in the domestic and world markets.

The effective integration into the world economy is possible taking into account a number of trends in the development of the modern world economy that will determine the foreign economic policy of the state as a whole and the subjects of the Russian Federation in the 21st century. These trends are as follows.

- 1) The globalization of economic activity, manifested in the increasing expansion and deepening of international relations in the sphere of investment, production, circulation, supply and sale, finance, scientific and technological progress. Globalization is one of the qualitative features of the late twentieth century, which followed the phase of internationalization of the world economy. This process leads to the formation, on the basis of transnational corporations, of powerful international economic complexes operating on the global scale and leading a competitive struggle for markets and resources on the world stage.
- 2) Liberalization of the world economy, of international economic activity, manifested in the gradual weakening or elimination of obstacles to the international movement of goods, services, labor and financial resources.
- 3) The regionalization of the world economy and international economic activity, expressed in the formation of interstate associations (free trade zones, customs unions, "common markets", economic communities, etc.) involving the creation of favorable conditions for the development of economic ties between the participating countries.
- 4) Informatization of the world economy, manifested in the increasing use of computer systems, telecommunications, and the Internet. Information technologies in modern conditions are becoming increasingly important for international economic activity.

These trends of the modern world economy are extremely important for Russia and the regions of the Russian Federation, as they characterize the world economy, designate the guidelines and directions for the economic development of economic entities that are integrated into global economic communication.

Foreign economic activity and its regulatory and legal support. In the Federal Law "On State Regulation of Foreign Economic Activities" of 1995, foreign economic activity is defined as "entrepreneurial

activity in the field of international exchange of goods, services, information, results of intellectual activity, including exclusive rights to them.”

Taking into account the accumulated experience in the field of international cooperation, in the current legislation, the concept of foreign economic activity is specified and it covers foreign trade, investment, and other activities, including production cooperation, in the field of international exchange of goods, information, work, services, results of intellectual activity, including exclusive rights to them.

In the most general form, the following definition of foreign economic activity was established in the economic literature: “a certain set of production, economic, organizational, economic and commercial functions of export-oriented enterprises and organizations, taking into account the selected foreign economic strategy, forms and methods of work in the market of a foreign partner” (Voronina, 1993).

Foreign experiences in regulating foreign trade activities: USA, Great Britain, Japan, and China. In modern conditions, all states, without exception, regulate their foreign economic policy through the customs tariff, and through non-tariff restrictions. We show this in the example of the United States of America.

Regulation of foreign economic activity of the United States is carried out by a system of state bodies whose functions are indicated in Table 1.

In terms of absolute volumes of foreign trade turnover, the United States is the world’s largest trading power. For example, in 2008, US exports amounted to \$ 1,287.4 billion. During the same period, Russian exports amounted to \$ 471.8 billion.

Table 1
Functions of foreign economic activity control bodies in the USA

<i>The authorized state body</i>	<i>Functions in the field of foreign economic activity</i>
US President	Establishes tariffs, provides preferences, imposes an embargo on certain types of products
Ministry of Energy	Issuance of licenses for import of oil products
US Department of the Interior and US Department of Commerce	Licensing duty-free import of watches and watch mechanisms from the island territories of the USA
US Department of Agriculture	Licensing of the imports of certain agricultural products
United States Fish and Wildlife Service of the US Department of the Interior	Permissions to import dangerous species of wild animals and certain species of animals and birds, the import of which in the United States is prohibited, Import of live birds under the protection of the Bird Migratory Act, for scientific purposes and reproduction
US Department of Justice	Issuance of exceptional orders for the import of drugs
Head of the Department of Alcoholic Beverages, Tobacco Products and Firearms of the US Department of the Treasury	Issuance of permissions to import firearms, ammunition, explosives and weapons of war.
US Department of Commerce	Estimation of the fact that the goods are offered in the American market at their market value

The main means of regulating US imports is the imposition of customs duties on imports.

The US uses the customs tariff based on the Harmonized Tariff Schedule (HTS) developed with the participation of the Customs Cooperation Council for the naming and codification of goods. Tariff rates are presented in two columns, in the first of which there are two fields. The first field contains the reduced tariff – the rates of duties applied to goods imported from countries with preferential treatment. The second field – general rates – contains the rates for the goods in respect to which the favored treatment applies. The second field of the first column of the customs tariff also contains the rates of duties established under special preferential programs of customs taxation.

The second column – the main tariff – is applied to goods from countries that do not enjoy preferential treatment in the US (Cuba, Laos, North Korea).

The third column includes the main tariff, which applies to goods from countries that do not enjoy the most favored nation treatment in the United States. They are 8-10 times higher than the rates of the reduced tariff, which decreases as far as the agreements on the reduction of customs taxation in the framework of the GATT are reached.

An important role in customs regulation in the United States is played by the North American Free Trade Agreement (NAFTA), which came into force on January 1, 1994. It abolishes customs duties on most of the goods imported to Canada, Mexico and the United States for a transitional period of no more than 15 years. For example, there is a Free Trade Agreement between Canada and the United States, which abolished customs duties between the two countries.

For imported goods, Federal law provides a large number of requirements aimed at protecting human health and safety, protecting animals or plants, works of art, as well as the correct application of tax laws.

In accordance with the Export Regulation Act of 1979, government export control is carried out on the basis of three criteria: US national security, foreign policy considerations and the deficit of goods on the domestic market. For reasons of national security, the US controls exported goods that can be used to strengthen the military potential of a possible enemy. For the export of these goods to all countries except Canada, a specific license is required in each case.

In addition to the usual individual licenses issued for the supply of goods under one contract, three types of targeted individual licenses are used:

- project – is issued for a period of up to seven years for a company supplying a large number of items of goods included in the said “list of controlled goods”, if they are intended for the construction and equipment of enterprises abroad;
- distribution – enables exporters to carry out multiple deliveries of previously approved goods to several addresses within the framework of a long-term foreign trade program;
- qualified general – allows multiple exports of low-value goods to the buyer, whose operations are approved.

As for the general export licenses, there are also several of them, each of which determines which goods and to which countries are subject to export.

To transfer goods and currency values between the United States and a certain number of countries and territories, a number of restrictions can be applied up to the establishment of an embargo. The latest edition of the Code of Federal Regulations (CFR) includes the following countries to which restrictions apply: Afghanistan, Angola, Burma, North Korea, Cuba, Iraq, Iran, Liberia, Libya, Sierra Leone, Sudan, Syria. This list reflects the trends of US foreign policy.

For goods whose price in the US is lower than the one for which they are sold in the country of origin, anti-dumping duties may apply to protect US producers. If there is a suspicion that the price of imported goods is understated, an additional duty is imposed on the goods, equal to the difference between the usual market price of the country of origin and the price of supply in the American market.

In the event that a foreign product imported into the United States is considered an object of a subvention of a foreign state at the production or export stage and this affects the sales of American producers in the domestic market, a compensating duty may apply.

Different types of subventions that involve compensatory duties include both direct financial support and tax exemptions, provision of subventions for regional development, low interest loans, encouragement of modernization of production.

Regulation of foreign economic activity in the United Kingdom. The government of the country will give priority to the development of foreign trade and investment cooperation with foreign nations. The basis of the customs legislation of Great Britain is the Customs Code of the European Union of 1992 (EU Directive No. 913/92 of October 12, 1992 establishing the Customs Code of the European Union). The regulators of foreign economic activity of Great Britain and their functions are presented in Table 2.

Table 2
Functions of foreign economic activity control bodies in the UK

<i>The authorized state body</i>	<i>Functions in the field of foreign economic activity</i>
Department for Business, Enterprise and Regulatory Reform (DBERR),	Formulation and implementation of policy in the field of foreign economic activity in the UK, including administrative and organizational measures and normative functions aimed at supporting national producers and exporters
Her Majesty's Revenue and Customs (HMRC).	Collection of customs duties and border protection, including the protection of the British society from the illegal importation of drugs, alcohol, tobacco and tobacco products, "tax evasion"; application of tariff measures on behalf of the authorized ministries; management of foreign trade activities, the implementation of import-export control, collection of statistical data on foreign trade.
Import Licensing Branch of DBERR	Implementation of licensing policy in the UK.
Department for Environment, Food & Rural Affairs - DEFRA	Is responsible for the import of products of animal origin, plants and products of plant origin.
Food Standards Agency	Monitors the possible impact of food imports in the UK on the health of citizens. The Agency has special authority over imports with respect to products of fishery, shellfish and non-animal food.
Her Majesty's Revenue and Customs	Controls the movement of goods and vehicles across the customs border of the United Kingdom and the EU and charges the relevant payments;

contd. table 2

<i>The authorized state body</i>	<i>Functions in the field of foreign economic activity</i>
Department for Environment, Food and Rural Affairs	Is responsible for the export of animal products vegetables, as well as plants.
UK Trade&Investment – UKTI	Promotion of British goods and services to foreign markets; assistance to UK companies when they enter the foreign market; attraction of foreign investments.
ECGD	Stimulating the promotion of British goods and investments in foreign markets through insurance against political and commercial risks of loans granted to national producers, as well as British direct, portfolio and other types of foreign investments; provides financial guarantees for medium- and long-term loans, including organization of financing for British exports on preferential Conditions.

In the field of tariff regulation of imports, the basic document is the Integrated Tariff of the United Kingdom, which includes the Common Customs Tariff of the European Union, the system of statistical nomenclature, as well as the system of harmonized description and coding of goods, developed within the framework of the Council for Customs Cooperation. In the UK, a range of goods, customs duties and procedures are used, similar to those adopted in EU member countries. Goods from EU countries are imported duty-free, duties are applied when importing goods from outside the European Union.

It should be noted that previously the main focus in the UK was on promoting the improvement of foreign economic activity in the country/region. Now priority is given to the sectoral direction and only then its regional priorities are defined for each branch (the so-called “support of the branches of the British economy when entering the foreign market”).

The organization, which is responsible for providing guarantees in the field of foreign trade and investment, is Export Credit Guarantee Department. ECGD annually guarantees the export of UK companies and their investments in the amount of about 3.5 billion pounds. Its operations are aimed at support of export of innovative goods (aircraft, other machinery and equipment) and services (the participation of British companies in the implementation of international projects, primarily the construction of large infrastructure facilities - airports, power stations, hospitals, etc.).

Thus, the state encourages the export of machinery and other products that have a high added value.

Japan’s foreign economic activity. Let us consider some features of foreign economic activity of Japan. The active participation of the state in the organization and implementation of foreign economic activities (foreign trade activities) has been a characteristic feature of Japan over the last four decades.

The effectiveness of the Japanese foreign economic complex largely depends on the strength of the institutional foundations of foreign economic activity. In the system of public administration, administrative, coordinating and consultative bodies can be distinguished.

Among the state administrative bodies, the Ministry of Foreign Trade and Industry (MFTI) occupies a special place. MFTI ensures the development of trade relations with foreign countries, solves foreign exchange issues related to foreign trade, facilitates the production of export goods, establishes import quotas for licensed goods, issues import permits, determines the relevant rules of trade.

The consistency and coherence of the implementation of trade and economic policies is largely ensured through close interdepartmental coordination of government agencies. Among the interdepartmental coordination structures are the Trade Council, the Ministerial Council on Economic Affairs, the Joint Headquarters of the Government and the ruling party to carry out structural reforms. The peculiarity of the Japanese system of public administration of foreign economic activity is the existence of a large number (more than 200) of advisory bodies functioning at various levels, including the Government and the Prime Minister.

The customs tariff is an important tool for protecting national producers, primarily in the agricultural sector. The wide differentiation of rates of the customs tariff promotes the decision of the tasks in view. As an effective means of restricting imports, a system of strict technical and other special requirements for standards, certification, quality inspection, safety, etc. is widely used. An important role is played by economic instruments regulating foreign economic activity. Eximbank of Japan is an effective instrument of lending to export-import operations and foreign investment of Japanese companies. There are tax incentive systems in the country, aimed at stimulating both exports and imports.

The world's largest system of state insurance of trade and investment contributes to the development of foreign economic activity. It includes general trade insurance, currency risk insurance, export bills, export bonds, advance payments for imports, foreign investments, loans to foreign enterprises. The number of insurance policies issued during the period from 1950 to the mid-1990s was over 20.3 million, and the aggregated insurance sum reached about ¥317 trillion. These figures are the highest in the world.

The state also organizes the system for servicing foreign economic relations and finances this activity from the budget. This system has a branched nature, covering such areas of activity as collection and analysis of marketing information, provision of information and consulting services, organization of advertising and exhibition work. It helps to increase the efficiency of foreign economic activity, to introduce new participants to it.

An important direction of state participation in foreign economic activity is information support of commerce, collection and analysis of foreign commercial information. A special place is occupied by the Japan External Trade Organization (JETRO), established in 1958. It is a non-profit fully funded by the government. JETRO is engaged in the study of world commodity markets, the collection and analysis of marketing information, the organization of exhibitions of Japanese goods abroad and trade exhibitions of other countries in Japan, advertising and publishing.

The Japanese system for regulating foreign economic activity differs in the form of interaction between the state and business. It is based on the adoption by the private sector of the most important strategic directions of state policy, a kind of "state mentality" of this sector. Such a regulation model, using not only strictly administrative measures and methods, but also complementing them so-called "soft" forms, makes it possible to improve the effectiveness of state policy, combining it with the laws of the market.

China's foreign economic activity. One of the main directions of the sphere of regulation of China's foreign trade after the country's accession to the WTO is the liberalization of the foreign trade regime (Novikov *et al.*, 2016). As of early 2015, China had already fulfilled most of its obligations to reduce customs duties.

The principles of China's foreign economic activity are in Table 3.

Table 3
The principles of China's foreign trade

<i>Principle</i>	<i>Content</i>
State control of foreign trade.	The Government and the Ministry of Foreign Trade manage the operations for sorting, import and export licensing, checking foreign trade enterprises, controlling foreign exchange, restricting prices in exports, protecting customs taxes, controlling and banning smuggling
The principle of equality and mutual benefit	It is determined by the policy of peaceful coexistence, which means respect for the sovereignty and territorial integrity, non-aggression, non-interference in domestic politics, equal and mutually beneficial cooperation and coexistence. These principles are enshrined in the first Chinese constitution.
Self-reliance	Creation of an integrated economic system. At the same time, it is considered incorrect to rely only on international assistance; the other extreme, the policy of closed doors, is also not acceptable. It means a balanced policy in the development of the economy with a focus on one's own strengths, together with the obligatory expansion of exports and imports.
The basis for the development of foreign trade is domestic production	For foreign trade it is important to own production in order to guarantee the export supply
Unified planning and regulation of domestic and foreign trade.	In the conditions of poor production development, and a large population, a decision was made to unify and jointly plan and regulate the supply to the domestic and foreign markets in order to ensure priority of meeting the basic needs of the population and guarantee priority deliveries on foreign trade obligations.

For goods whose imports are limited, China has a system of state quotas. Since January 1, 2007, tariff quotas have been applied to seven types of agricultural commodities (wheat, maize, rice, sugar, wool, woolen fibers, cotton) and 3 types of chemical fertilizers.

In order to encourage exports, the vast majority of goods have no export duties. The practice of levying export duties is applied to certain goods, the export of which is prohibited or restricted. In addition, China has a procedure for refunding VAT to exporters.

The export tariff of the PRC contains 88 commodity items. The export duty rates are 20% – 50%.

In accordance with the current legislation, in China, a system of import and export licensing continues to be applied to a number of goods. Licensing authorities, within the limits of their authority, are engaged in issuing licenses for the import and export of certain goods.

Joint orders of the Ministry of Commerce of the People's Republic of China and the General Customs Administration of China annually approve lists of goods, exports and imports of which are possible only upon obtaining an appropriate license.

In China, the state permits the free import and export of goods and technology, except when laws or administrative rules provide otherwise. Control over goods, whose export or import is limited, is conducted

in the form of issuing quotas, licenses and other techniques. Control in the form of licensing is also carried out with respect to technologies whose exports or imports are limited. Export and import of goods and technologies that are subject to licensing is carried out according to the decisions of the State Council, through the issuance of permits by the State Council Department, which is responsible for foreign trade, or through this Department together with other relevant organizations within the State Council.

In recent years, China has made a number of important bilateral and multilateral agreements. In particular, negotiations were held with a number of states on recognition of the market status of the Chinese economy – at present, 52 states officially recognize the market status of China's economy. In the framework of the strategic task of creating a free trade zone around China, practical work is also being done to implement the agreements on the establishment of Free Trade Areas the China-ASEAN, China-the countries of the Southern African Development Community, China-the countries of the Gulf Cooperation Council, China-New Zealand, China-Chile, China-Australia, China-Pakistan. Practical work continued to implement agreements at the bilateral level, to establish free trade zones with Australia and New Zealand. In November 2005, an Agreement on the Free Trade Zone between the PRC and the Republic of Chile was signed.

In the middle of June 2003, China and Thailand signed a fruit and vegetable free-trade agreement. On January 14, 2007, in Cebu (Philippines), China and ASEAN signed the Agreement on Trade in Services within the Free Trade Area, which provided a more solid basis for the timely completion of the construction of the China-ASEAN Free Trade Area. which served as a more solid basis for the timely completion of the construction of a free trade area China- ASEAN.

Thus, China is carrying out a comprehensive reform of the legislative framework in the field of foreign trade to improve the well-being of the people of the country and the development of the state's economy. Work is underway to expand the capabilities of the Chinese national industries and various enterprises in the world market, as well as to protect China's interests both in trade within and outside the country.

Management of foreign economic activity at the regional level. In modern conditions, the course of economic reform in Russia is determined by the fact that the center of gravity is increasingly transferred to the regions. At the regional level, as well as on the state level, the system of management in general and foreign economic activity in particular is developing.

The Russian Federation includes 89 subjects of the federation: 21 republics, six territories, 49 territorial regions, one autonomous region, ten autonomous okrugs, federal cities of Moscow and St. Petersburg. In accordance with the general principles of the state system of Russia, federal legislative acts, decrees and orders of the President, resolutions of the Government of the Russian Federation, normative acts of federal executive bodies operate throughout the territory of the Russian Federation. All this fully applies to the sphere of foreign economic activity. At the same time, this does not mean that the subjects of the federation have no rights in the sphere of external relations with foreign states, their subjects and firms.

The delimitation of powers related to the sphere of external relations is determined by the Constitution of the Russian Federation, the Federal Treaty, bilateral treaties between the Russian Federation and its constituent members, and, of course, federal constitutional laws and federal laws. The latter are adopted by the Federal Assembly, where, as is known, in both chambers, the interests of the regions are represented by MPs.

For example, Article 72 of the Russian Constitution states that coordination of international and foreign economic relations of the Russian Federation, implementation of international treaties of the Russian Federation is in the joint jurisdiction of the Russian Federation and the subjects of the Russian Federation (along with other issues). This means that without the consent of regional authorities it is impossible to take serious unilateral decisions in the sphere of foreign economic activity at the state level that would affect the interests of a particular region.

The powers of the subjects of the Russian Federation in the field of foreign economic activity are to a large extent determined by the Federal Law “On State Regulation of Foreign Trade”. In accordance with this law, the following issues are jointly managed by the Federal center and the subjects of the Russian Federation:

- coordination of foreign trade of the subjects of the Russian Federation;
- formation and implementation of regional and interregional foreign trade programs;
- obtaining foreign loans under guarantees of budget revenues of the subjects of Russian Federation, their use and repayment;
- implementation of international treaties of the Russian Federation in the field of foreign trade that directly affect the interests of the relevant subjects of the Russian Federation;
- coordination of the activities of the constituent entities of the Russian Federation on the creation and functioning of free economic zones, the regulation of cross-border trade;
- information support of foreign trade.

Outside the limits of jurisdiction of the Russian Federation and subjects of joint jurisdiction, subjects of the Russian Federation possess all the fullness of state power. In particular, subjects of the Russian Federation have the following rights within their competence and in accordance with the law:

- to carry on independent foreign trade, as well as coordinate and exercise control over foreign trade activities of Russian and foreign persons on its territory;
- to form and implement regional programs of foreign trade;
- to provide additional financial guarantees and benefits to the participants of foreign economic activity registered in their territory in relation to the federal ones in terms of fulfilling their obligations to the budgetary and extra-budgetary funds of the constituent entities of the Russian Federation. These benefits should not contradict the international obligations of the Russian Federation;
- to create insurance and collateral funds in the field of foreign trade activities to attract foreign loans;
- to make agreements with subjects of foreign federal states and with administrative-territorial entities of foreign states in the field of foreign trade relations;
- to maintain its representatives at trade representations of the Russian Federation in foreign countries at the expense of the budgets of the constituent entities of the Russian Federation in coordination with the federal executive authority charged with coordinating and regulating foreign trade activities.

Classification of Russian regions according to their participation in foreign economic activity.

According to the Ministry of Economic Development and Trade, about 30 Russian regions can be characterized as relatively open for the external market. They account for a significant, up to 80%, part of exports and imports.

Depending on the varying degrees of openness, the degree of risks (from political to investment), financial sustainability, and investment attractiveness, the regions of Russia will use the external factors for development purposes differently.

The situation in the foreign economic sphere will depend on the situation in world markets for the export of Russian goods. The exports will depend on the increased demand for a number of goods from the domestic market, as well as restrictive measures against Russian exports from the trading partner countries.

In the structure of commodity exports, fuel and raw materials will continue to dominate, and the share of energy resources may somewhat decrease. A high share of these goods in total exports will be maintained both due to a certain increase in the physical volumes of exports, and by maintaining a favorable level of world prices.

Depending on their export potential, the regions can be divided into the following groups.

The first group includes Bashkiria, Tatarstan, Belgorod, Vologda, Lipetsk, Nizhny Novgorod, Samara, Sverdlovsk and Chelyabinsk regions. In these regions, the economy was the most resilient to the crisis, with a fairly diversified production, developed infrastructure, and qualified human resources. The decline in the economy of these regions was insignificant, and the demand for products of the main industries was relatively high.

The second group consists of regions producing raw materials – the Komi Republic, Sakha (Yakutia), Khakassia; Krasnoyarsk region; Irkutsk, Kemerovo, Magadan, Omsk, Orenburg, Tomsk and Tyumen regions. These are characterized by a high level of production. However, the economic well-being of these regions is mainly determined by export and is subject to strong influence of the world market conjuncture.

The third group consists of 8 regions of the Central Federal District – Vladimir, Ivanovo, Kursk, Moscow, Smolensk, Tula, Ulyanovsk and Yaroslavl. By the beginning of reforms these areas had high production potential, qualified labor force, and developed infrastructure.

The fourth group consists of 17 constituent entities of the Russian Federation - the Republic of Karelia, Arkhangelsk, Vologda, Voronezh, Kaluga, Kamchatka, Kostroma, Leningrad, Murmansk, Novgorod, Novorossiysk, Oryol, Penza, Perm, Ryazan, Sakhalin and Tver regions. These regions do not belong to the either depressed or prosperous. To strengthen their export potential, government support is needed to resolve the problems inherent in these regions. The same applies to the three most important agricultural regions: Krasnodar, Stavropol and Rostov region.

As for other regions, for various reasons (economic, political, geographic), their export potential is not unpromising, but their economic recovery requires targeted state support.

CONCLUSION

With the development of foreign trade activities in the regions of Russia, much attention is paid to its regulation by the state. Regulation of foreign economic activity has its own specifics in comparison with

the regulation of other spheres of the national economy. This specificity is conditioned by the necessity of each state to comply with international norms and principles of world trade.

In the conditions of transition to an open economy, foreign trade activity in the regions of Russia is carried out on new principles that are different from the era of state monopolism. However, the decline in industrial production, worsening of the world market conditions, the lack of a consistent state export policy, the volatility of the ruble exchange rate negatively affect the structure and dynamics of exports in the country.

In recent years, the position of consumer products has been strengthened in Russian imports while reducing the share of investment goods.

All this suggests that the foreign trade activity of the regions of Russia has a pronounced low-tech character. The state gradually turned into a raw material appendage of the West, hopelessly behind in its development, losing those few achievements in the sphere of production, science, and education.

Nevertheless, despite the existing difficulties, the trade turnover of the regions of Russia with other countries is growing, which indicates a certain improvement in the economic situation in the country, as well as the development and strengthening of Russia's foreign economic relations.

The CIS countries remain the main foreign partners of Russia. The development of trade with the former USSR states is a priority due to the following factors. First, close economic ties already exist, they should not be ignored, but fully preserved and developed on new, market-based principles. Secondly, these ties are supported by well-branched transport and energy infrastructure that has been in operation for decades. Thirdly, the market of these countries is rather unpretentious and willingly absorbs finished products from Russia, which would not find demand in the more developed markets. This allows to support the manufacturing industry of our country. Fourthly, trade operations with the CIS countries can be carried out without calculations in a scarce hard currency.

The European Union is also Russia's largest partner. The joint realization of the concept of common spaces is an important element of pan-European development.

Of particular importance for Russia as well as for the entire world are relations with the United States of America, the People's Republic of China, India, as well as the rapidly growing countries of the Asia-Pacific region, Latin America and Africa. Russia is ready to take all steps to expand the scope and spheres of interaction with these states, and also to strengthen cooperation in ensuring global and regional stability, to increase the volume of mutual trade, investment, and develop humanitarian ties.

The most relevant today is the process of Russia's entry into a constantly developing world economy while preserving its national security and increasing the competitiveness of its products, both on the international and domestic markets. It is equally important to foresee how certain development scenarios can affect the place of Russia in the future multi-polar world, striving to realize the most preferable option.

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