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Implementation Forms of Foreign Economic Relations of Constituents of the Russian Federation (Case Study of the Republic of Buryatia)

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Abstract: The article investigates implementation forms of foreign economic relations of constituents of the Russian Federation. The article deals with jurisdiction of constituents of the Russian Federation for cooperation with foreign partners such as constituents of foreign federal states, administrative and territorial units of foreign unitary states as well as international organizations working upon the development of relationships at the interregional level, and foreign legal entities. The goals, forms and extent of such cooperation are being set. The analysis of the structure of foreign economic relations of constituents of the Russian Federation is being carried out. Federal and regional authorities responsible for the implementation of foreign economic relations are being determined. Completeness and effectiveness of their powers are being revealed. We consider the order and features of implementation of such forms of foreign economic relations as making agreements on cooperation in different spheres between the constituents of the Russian Federation and foreign partners including foreign legal entities; creation of mutual representatives of constituents of the Russian Federation and constituents or administrative and territorial units of foreign states in the relevant territory; participation of constituents in international organizations operating at the regional level.

Keywords: foreign economic activity, forms of foreign economic relations, constituents of the Russian Federation

JEL Classification: F31, O24, R11, O10, O29

INTRODUCTION

Constituents of the Russian Federation in accordance with sub-clause “about” to claim 1 Article 72 of the Constitution (Belyakov & Raymond, 1994) are allowed to implement international and foreign economic relations including foreign partners. The Russian Federation coordinates such relations of constituents of The Russian Federation and determines their compliance with the foreign state policy.

Republic of Buryatia, as the subject of the Russian Federation, implements the foreign economic relations not only with neighboring regions but also with foreign partners. The main trade-foreign economic

partners of the Republic of Buryatia are People's Republic of China (PRC), Mongolia, Republic of Korea and Japan. However, the official external relations, based on cooperation agreements, Republic of Buryatia has with the Autonomous region of Inner Mongolia (PRC) and the Selenge aimag of Mongolia.

Favorable economic and geographical position, rich mineral resources base, availability of qualified working population is part of the factors that make the Republic of Buryatia one of the most promising regions for doing business, development of foreign economic relations and investment activities in the Siberian Federal district.

MATERIALS AND METHODS

Study of the legal regulation of realization of foreign economic relations of subjects of the Russian Federation was carried out by content analysis and evaluation of the interpretation of Federal laws, laws of subjects of the Russian Federation, normative acts of municipalities and international legal acts. Establishes the system of authorities of subjects of the Russian Federation on the implementation of foreign economic relations and identified the scope of their authority, order and forms of conducting such activities.

Considered the powers of the Federal bodies of Executive power in charge of coordination of foreign economic relations of constituent entities of the Russian Federation with foreign States, subjects of foreign Federal States, administrative-territorial formations of foreign States. Also the procedure of their interaction with authorities of subjects of the Russian Federation, in particular the procedures for harmonizing the actions and decisions of authorities of subjects of the Russian Federation authorized Federal Executive bodies.

A comparative analysis of norms of the Federal legislation, regulatory legal acts of Federal Executive bodies, laws of constituent entities of the Russian Federation (on the example of the laws of the Republic of Buryatia), acts of authorities of subjects of the Russian Federation. Identified gaps in the legal regulation of these relations and the main directions of development of legislation in this area. Developed possible solutions to the problems of legal regulation of coordination of foreign economic relations of constituent entities of the Russian Federation.

RESULTS

The concept and structure of foreign economic relations of constituent entities of the Russian Federation. Under claim 2 of Article 1 of the Federal law "On coordinating international and foreign economic relations of constituent entities of the Russian Federation" (The State Duma, 1999) foreign trade relationships with foreign partners in trade-economic, scientific-technical, ecological, humanitarian, cultural and other fields. Based on this definition, foreign economic relations to include the negotiation and conclusion of agreements on development of trade-economic relations between the Federation and a foreign partner. The term "external relations" refers only to the relationship of subjects of the Russian Federation with foreign partners and defines the non-political nature of such relations, as well as the level and scope of their implementation.

Powers of the subjects of the Russian Federation on the implementation of foreign economic relations, carried out by the competent authorities, the system which is formed according to part 2 of Article 11 of the Constitution of the Russian Federation (Belyakov & Raymond, 1994), and subject to the provisions of

part 1 of Article 77 of the Constitution established by the constituent entities of the Russian Federation independently in accordance with the General principles of the constitutional system of the Russian Federation and the General principles of organization of representative and Executive bodies of state power.

For example, in the Republic of Buryatia the power to exercise foreign economic relations are: the people's Hural, head of the Republic, the Government, the Ministry of economy and its subdivisions.

People's Hural of Republic of Buryatia define, together with the Head of the Republic of Buryatia domestic policy and foreign economic relations of the Republic of Buryatia (Supreme Council of the Republic of Buryatia, 1994; Supreme Council of the Republic of Buryatia, 1995). The Ministry of economy ensures the implementation of the national policy in the field of international and foreign trade cooperation of the Republic of Buryatia with the subjects of foreign States (Government of the Republic of Buryatia, 2012).

The Committee for external relations of the Ministry of economy of the Republic of Buryatia is empowered for the implementation of foreign economic relations.

The purpose of the Committee of external relations is to ensure favorable conditions for promotion to foreign markets of goods produced in the Republic of Buryatia, the formation of a positive image of the Republic of Buryatia in Russia and abroad, and attracting foreign investment. The main tasks of the Committee:

- ensuring implementation of the national policy in the field of international and foreign trade cooperation of the Republic of Buryatia with the subjects of foreign States and Russian regions.
- policies to promote products of local producers on the Russian and foreign markets;
- attracting foreign investment in the economy.

The subjects of the Russian Federation independently determine the system of Executive authorities involved in the implementation of foreign economic relations and establish their powers, the procedure for coordination of their activities.

Conclusion of agreements of the Russian Federation subject to foreign partners. In the Federal law "On coordination of international and foreign economic relations of constituent entities of the Russian Federation" granted the right to bodies of state power of subject of the Russian Federation within the powers on the conclusion of agreements on international and foreign economic relations and negotiations with foreign partners specified in claim 1 of Article 1 of the Federal law (The State Duma, 1999): subjects of foreign Federal States, administrative-territorial units of foreign unitary States and international organizations engaged in the development of relations at the interregional level.

Agreements on the implementation of international and foreign economic relations concluded by state authorities of the Russian Federation may not contain provisions contrary to the Constitution of the Russian Federation, generally recognized principles and norms of international law, international treaties of the Russian Federation, Federal law, treaties between bodies of state power of the Russian Federation and bodies of state power of subjects of the Russian Federation on delimitation of jurisdictional subjects and powers, as well as provisions infringe the legitimate interests of the other subject of the Russian Federation.

Agreements concluded by the Russian Federation and the subjects of foreign Federal States, administrative-territorial education, foreign unitary States are “horizontal”. Agreements concluded by the Russian Federation and bodies of state power of foreign States, are “diagonal”.

For example, the Law of the Republic of Buryatia “On treaties and agreements of the Republic of Buryatia” (Supreme Council of the Republic of Buryatia, 2010), gives the Republic the right of conclusion of the agreement, establish, modify and terminate by mutual consent the rights and duties of the people’s Hural of Republic of Buryatia, the Government of the Republic of Buryatia, on the one hand, and public authorities of foreign States, subjects of foreign Federal States and administrative-territorial units of foreign States, international organizations and associations from the other side.

According to Article 4 of the Federal law “On coordinating international and foreign economic relations of constituent entities of the Russian Federation” (The State Duma, 1999), the draft agreement is submitted for approval to the Commissioner by the President of the Russian Federation the Federal Executive authority – The Ministry of economic development of the Russian Federation, which in turn forwards the draft agreement for approval to the interested Federal bodies of Executive power in accordance with their competence and informs the public authority of the subject of the Russian Federation about results of consideration of the draft agreement no later than 45 days from the date of its receipt. For the negotiation of draft agreements to the interested Federal bodies of Executive power is enshrined the principle of “one window” that makes the approval procedure is convenient for the authorities.

Also, according to Article 5 of the Federal law “On coordinating international and foreign economic relations of constituent entities of the Russian Federation”, agreements concluded by public authorities of subjects of the Russian Federation are subject to mandatory registration by the Ministry of justice of the Russian Federation.

In accordance with the Rules of the state registration of agreements on international and foreign economic relations (Government of The Russian Federation, 2000) concluded by public authorities of subjects of the Russian Federation, state registration is effected by making an entry in the register of agreements maintained by the Federation. The grounds for refusal of registration set of Explanations on application of Rules (Ministry of Justice of the Russian Federation, 2011), to which belong the establishment of the contradictions to the Constitution of the Russian Federation, generally recognized principles and norms of international law, international treaties of the Russian Federation, Federal law, treaties between bodies of state power of the Russian Federation and bodies of state power of subjects of the Russian Federation on delimitation of jurisdictional subjects and powers, as well as infringement of the legitimate interests of other subjects of the Russian Federation. The reasons for the refusal are specified in the motivated opinion of the Ministry of justice of the Russian Federation. To the grounds of refusal include the violation by authorities of the subject of the order of presentation of the agreement for registration.

For example, the Republic of Buryatia has 1 was the agreement between the Government of the Republic of Buryatia of the Russian Federation and the government of the Autonomous region of Inner Mongolia of China on trade-economic, scientific-technical and cultural cooperation of 23 December 2003 (Government of the Republic of Buryatia; Government of the Autonomous Region of Inner Mongolia (China), 2003). In the framework of the Agreement, the cooperation of the Republic of Buryatia Autonomous region of Inner Mongolia is carried out in different ways: through the Executive authorities

and municipalities of the Republic of Buryatia, universities, public organizations and economic entities and includes economic and trade cooperation, cooperation in the field of agriculture, construction, tourism, education and science, health, culture and sports. On the basis of the Agreement, the parties have been in constant contact and exchange information on trade and economic development of their regions. To coordinate activities in the field of mutual relations, Ministry for foreign economic activities establish constant business contacts. The framework agreement provides the basis for the conclusion of agreements and protocols between relevant agencies and organizations on specific issues of cooperation.

Also, the subjects of the Russian Federation in the framework of international cooperation agreements concluded by the Russian Federation with foreign States are entitled to conclude protocols to implement such international agreements. For example, on the basis of the agreement between the Government of the Russian Federation and the Government of Mongolia on economic and cross-border cooperation between the Government of the Republic of Buryatia and the administration of the Selenge Aimag of Mongolia was signed a Protocol on trade-economic and humanitarian cooperation (Government of the Republic of Buryatia, Administration of Selenginsky Aimag of Mongolia, 2011). Under the Protocol the parties within their competence and in accordance with the legislation of the Russian Federation and Mongolia cooperate for solving problems of effective use of natural resources, the organization of joint work in the agricultural sector, development of tourism, improvement of system of vocational training and humanitarian cooperation. In order to implement this Protocol cooperation there is an annual Plan of activities.

The subjects of the Russian Federation also have the opportunity to implement foreign economic relations by cooperating with foreign entities. So, for example, between the Ministry of economy of the Republic of Buryatia, and JSC “Marvolo” (Federal Republic of Germany) was signed the Agreement on further cooperation, aimed at strengthening mutual contacts and the implementation of common tasks for the development of comprehensive relations and cooperation, promotion of contacts with companies and institutions of the Republic of Buryatia and Germany, the expansion of cooperation between the Ministry of economy of the Republic of Buryatia, and JSC “Marsico” through the organization of visits, conferences and seminars (Contract . In addition, JSC “Marsico” undertakes to represent the economic interests of the Republic of Buryatia in working with German and Italian companies, specifically to interest the German and Italian companies in projects realization in the Republic of Buryatia, attraction of investments into economy of the Republic and the introduction of modern technologies.

The conclusion of an agreement with foreign legal entities is carried out based on the decision of the authorized body of a constituent entity of the Federation. Such agreements are not subject to obligatory agreement with Federal authorities, for such agreements are not mandatory registration. The subjects of the Russian Federation determine the procedure for the conclusion and registration of agreements on cooperation with foreign entities.

The opening of representative offices of constituent entities of the Russian Federation on the territory of foreign States. For the development of cooperation and strengthening foreign economic relations with the regions, administrative-territorial units of foreign States, constituent entities of the Russian Federation is authorized to establish representative offices in their territory and to access in its territory offices of foreign partners. Article 10 of the Federal law “On coordinating international and foreign economic

relations of constituent entities of the Russian Federation” establishes the right of the Federation to establish a representative office only on part of the territory of a foreign state (on the territory of the subject of foreign Federal States and administrative-territorial units of foreign States), and not on its entire territory. Also, Article 50 of the Federal law “About bases of state regulation of foreign trade activity” (The State Duma, 2003) provides that decisions related to the establishment of trade representations of the Russian Federation in foreign States shall be taken only by the Government of the Russian Federation. Accordingly, the establishment of trade, economic and trade missions in the territory of foreign States is not within the competence of the constituent entities of the Russian Federation.

Establishment of the subject on foreign territory requires mandatory approval of the decision on the opening of the representative office with the Ministry of foreign Affairs of the Russian Federation. The Ministry of foreign Affairs assesses the feasibility of establishing such representation, and validates the decision of the entity about opening a representative office of the foreign policy interests of the Russian Federation. The Ministry of foreign Affairs has the right to refuse to the subject in creating the mission, if his discovery would violate international and national regulatory legal acts and will not meet the foreign policy of the Russian Federation. The subject of the Federation can be proposed to make certain changes to the representation or to temporarily refrain from setting up representative Offices, if such an institution is contrary to the international obligations of the Russian Federation, decisions of competent international bodies, including the introduction of a UN Security Council sanctions against the state Representation, or explanation of the unfriendly action of a foreign state, lack of security guarantees citizens of the Russian Federation or on other grounds associated with economic and political interests of the Russian Federation.

Representation of the Russian Federation on the territory of a foreign partner is a legal entity, but financed its activities at the expense of the budget of the subject. The subject of the Federation is also responsible for obligations of such representative offices. The head of representation can only be assigned to citizens of the Russian Federation.

Representative offices are usually, to facilitate the implementation of cooperation agreements or the development of foreign economic relations. For example, on the basis of the Decision of the Government of the Republic of Buryatia (Government of the Republic of Buryatia, 2014) established a representative Republic in Ulan Bator Mongolia, whose main functions are representation of interests of the Republic of Buryatia in the territory of presence in the sphere of trade-economic, scientific-technical, etc. cooperation, and assistance organizations of the Republic in implementation of foreign trade contracts, joint ventures, attraction of investments Mongolia and other countries, whose representative offices accredited in the territory of presence in economic and other spheres of the Republic of Buryatia. Representation accountable to the Government of the Republic of Buryatia and must comply with the instructions of the Head of the Republic of Buryatia, as well as other authorities of the Republic that are coordinated and routed through the Government of the Republic of Buryatia. Representation performs the function of informing legislative, representative and Executive authorities of the Republic on the socio-economic situation in Mongolia, market conditions and other matters of interest. Coordinating the activities of the representative Offices of the Republic of Buryatia is implementing the Russian Federation Embassy in Mongolia. The office is also endowed with the initiative to make proposals for the development of relations of state bodies of the Republic, local self-government bodies and the organizations of Buryatia, to the Mongolian partners in trade-economic, scientific-technical and other spheres. Since the Representation is a legal entity vested

with a separate authority, it owns the property on the right of operational management, has the right to acquire property on the territory of the city of Ulan Bator and is solely responsible for its obligations.

Cooperation with international organizations. One of the forms of realization of foreign economic relations of constituent entities of the Russian Federation is the cooperation with international organizations working on the development of relations at the interregional level.

The law limits the cooperation of the Federation with international organizations that carry on their activities exclusively at the regional level. The subjects of the Federation cannot speak on behalf of the Russian Federation in the international organizations. Agreements with international organizations, protocols of participation in such international organizations shall be subject to obligatory coordination with the Ministry of foreign Affairs, the Ministry of economic development and, if necessary, with other Federal bodies of Executive power. Agreements with international organizations shall be registered with the Ministry of justice in the manner provided for the registration of agreements on cooperation of the Federation with foreign partners.

The subjects of the Federation in cooperation with international organizations working on the development of relations at the interregional level, speak on their behalf and shall bear the liabilities arising from such participation. Financing of expenses on realization of cooperation with international organizations at the expense of budget funds of the Federation.

Republic of Buryatia is a member of the Association of Regional Governments in Northeast Asia (ARGNA). The organization was founded in September 1996 in the province Gyeongsangbook-do (Republic of Korea) 29 regional administrations of 4 countries of North-East Asia, including China, Japan, Republic of Korea and the Russian Federation. The main goal of the organization is to implement cooperation at the level of regional administrations in the fields of administration, economy, culture, art, sports, environmental protection, peace and order, etc.

DISCUSSION

Thus, it is possible to allocate the following forms of realization of foreign economic relations of constituent entities of the Russian Federation:

- conclusion of agreements by bodies of state power of subjects of the Russian Federation on the implementation of international and foreign economic relations with foreign States, subjects of foreign Federal States, administrative-territorial units of foreign States. Harmonizing such agreements with the Ministry of economic development of the Russian Federation and other interested Federal bodies of Executive power. Mandatory registration of the agreements by the Ministry of justice of the Russian Federation;
- conclusion of cooperation agreements with bodies of state power of subjects of the Russian Federation and foreign legal entities;
- the establishment of representative offices of constituent entities of the Russian Federation on the territory of the subjects of foreign Federal States, administrative-territorial units of foreign States. The agreement with the Ministry of foreign Affairs of the Russian Federation for representation of the subject;

- the creation of the territory of the Russian Federation of representations of subjects of foreign Federal States, administrative-territorial units of foreign States. The agreement with the Ministry of foreign Affairs of the Russian Federation the establishment of foreign representative offices;
- cooperation with international organizations working on the development of relations at the interregional level. Approval of participation in such international organizations Ministry of economic development, Ministry of foreign Affairs and other interested Federal authorities.

Analysis of current legislation regulating foreign economic relations of subjects of the Russian Federation, showed the presence of some of the regulatory challenges and contradictions of legal acts in this sphere.

CONCLUSION

Implementation efficiency of foreign economic relations of the constituents of the Russian Federation depends on the availability of proper legal regulation of all the necessary procedures. It is necessary to create favorable legal environment for the development of foreign economic relations of constituents of the Russian Federation not only with the border regions of foreign countries but also with other foreign partners. Creating a proper legal base in the sphere of trade and economic, scientific and technical, humanitarian, cultural, environmental, and other cooperation with foreign partners will increase the economics growth rate of constituents of the Russian Federation, attract foreign investment and, in general, contribute to the regions development.

It is necessary to simplify the procedure for approval of agreements between the Federation and foreign partners with the Ministry of economic development and the Ministry of foreign Affairs. Also, in order to standardize the approval procedures, it is advisable to withdraw the authority of registration of agreements of the Ministry of justice and transferred to the Ministry of economic development. It is also necessary to develop and to regulate in detail the procedure of approval of the decision authority of the Russian Federation with the Ministry of foreign Affairs of the Russian Federation about opening of representative office of the Russian Federation on the territory of a foreign state, as well as the establishment of representative offices of foreign States, subject of foreign Federal States, administrative-territorial units of foreign States on the territory of the Russian Federation.

Of interest is the study of such forms of implementation of foreign economic relations of subjects of the Russian Federation as cooperation with international organizations working on the development of relations at the interregional level.

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