

Czech University of Life Sciences Prague

Faculty of Economics and Management

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Bachelor Thesis

Foreign Trade – Case Study of Russia

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BACHELOR THESIS ASSIGNMENT

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Economics and Management

Thesis title

Foreign Trade – Case Study of Russia

Objectives of thesis

The aim of the thesis is to conduct the analysis of foreign trade of Russia, consideration of the basics of international trade, trends in the development of modern foreign trade of the Russian Federation.

In accordance with the goal, the following research tasks were solved:

- the study of the theories of international trade;
- analysis of Russian foreign trade;
- identify the main directions of development of Russia's foreign trade.

Methodology

The thesis consists of two parts, theoretical part and practical part. Comparative and descriptive methods will be used in thesis.

The proposed extent of the thesis

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Keywords

Foreign Trade, Russia, import, export, the balance of payments

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SHERLOCK, J. – REUVID, J. *International trade: an essential guide to the principles and practice of export*. London: Kogan Page, 2011. ISBN 978-0-7494-6237-6.
WARF, B. – STUTZ, F P. *World economy: resources, location, trade and development*. Upper Saddle River: Pearson Prentice Hall, 2007. ISBN 9780132436892.

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Declaration

I declare that I have worked on my bachelor thesis titled " Foreign Trade – Case Study of Russia " by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 14.03.2019

Anna Karpusenko

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Foreign Trade – Case Study of Russia

Abstract

This thesis describes the foreign trade in Russia. The theoretical part contains a brief overview of classical economics theories and foreign trade policies. Based on this knowledge, the author examines the external economy of Russia and analyses the state of foreign trade of the Russian Federation.

In 1991, after the collapse of the Soviet Union, the new era of economics of Russia began. The country pledged to carry out economic by using non-tariff regulation methods as quotas and licensing of export deliveries.

Compared to the last year (2017) the foreign trade turnover of the Russian Federation is increased by 17.6%. The main exported goods by Russia are fuel and energy products, metals and products from them. Import are machinery, equipment and vehicles, chemical industry products. Trends in oil prices directly affect the export of the Russian Federation. Changes in Russia's imports are related to the country's foreign policy. The decline in imports in 2014 is due to the conflict between Russia and Ukraine, and the subsequent sanctions because of this.

The country's position in the system of foreign trade relations on the international market of innovative technologies is determined by the degree of development of its innovative development. Russia is significantly inferior in penetrating the world market of innovative technologies, which requires a radical increase in the effectiveness of foreign trade in the innovation sphere.

Keywords: Foreign trade, export, import, trade balance, the balance of payments, comparative advantage, absolute advantage, trade policies, Russian Federation.

Zahraniční obchod - případová studie Ruska.

Abstrakt

Tato práce popisuje zahraniční obchod v Rusku. Teoretická část obsahuje stručný přehled klasických ekonomických teorií a politik zahraničního obchodu. Na základě těchto poznatků autor zkoumá vnější ekonomiku Ruska a analyzuje stav zahraničního obchodu Ruské federace.

V roce 1991, po rozpadu Sovětského svazu, začala nová éra ekonomiky Ruska. Země se zavázala, že bude provádět hospodářské činnosti využíváním necelních regulačních metod, jako jsou kvóty a udělování licencí na vývozní dodávky.

Ve srovnání s loňským rokem (2017) se obrat zahraničního obchodu Ruské federace zvýšil o 17,6%. Hlavním zdrojem vývozu z Ruska jsou palivové a energetické výrobky, kovy a výrobky z nich. Dováží se jsou stroje, zařízení a vozidla, výrobky chemického průmyslu. Vývoj cen ropy přímo ovlivňuje vývoz Ruské federace. Změny v ruském dovozu souvisejí se zahraniční politikou země. Pokles dovozu v roce 2014 je způsoben konfliktem mezi Ruskem a Ukrajinou a následnými sankcemi .

Postavení země v systému zahraničních obchodních vztahů na mezinárodním trhu novodobých technologií je dáno mírou rozvoje jejího inovačního vývoje. Rusko je podstatně horší v pronikání na světový trh nových způsobů technologií, což vyžaduje radikální zvýšení efektivity zahraničního obchodu v oblasti rozvoje.

Na základě výše uvedené prognózy je možné určit hlavní aktivity, které přispívají k rozvoji zahraniční ekonomické aktivity Ruské federace. Autorka navrhuje metody rozvoje zahraniční ekonomické aktivity Ruska.

Klíčová slova: Zahraniční obchod, export, import, obchodní bilance, platební bilance, komparativní výhoda, absolutní výhoda, obchodní politika, Ruská federace.

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1 Introduction

The subject of this bachelor thesis is «The foreign trade of the Russian Federation». In that work author will research one of the most important sectors of economy – international trade, particularly, foreign trade of the Russian Federation.

Foreign trade is the main form of global economic relations. In terms of dynamics and cost indicators, it is ahead of the growth of world production, the movement of capital and other types of foreign economic relations, which is one of the most important characteristics of the modern world economy. Industrialized countries have firmly taken positions in the markets of the most promising high-tech products, less developed countries must be content with the markets of basic resources and labour-intensive products.

The Russian Federation has some problems in foreign trade, because of the sanctions against the country. So, in that work author will analyse the situation on foreign trade and will try to purpose some methods to increase the external economy of Russia.

2 Objectives and Methodology

2.1 Objectives

The purpose of this work, consisting in the collection, systematization and analysis of information on foreign trade. The aim of the bachelor thesis involves the following main tasks: definition of forms, values and the essence of world trade; study of the current state (Russian Federation) of world trade and its development trends; determining the structure of world trade at the present stage; consideration of modern policies on international trade.

2.2 Methodology

First chapter of the bachelor thesis is a theoretical part. It includes the overview of the main economic theories; main policies are used in foreign trade and short review of the world organizations regulating the international trade. The main methods used in the work are description and extraction. In the practical part there are two methods: comparative and descriptive. Those methods are used to assess current state of Russian foreign trade.

3 Theoretical part

3.1 The international trade and the world economy

World economy:

1. a set of national economies linked to each other by the system of international division of labor;
2. The global system of industrial and financial relations;
3. a set of national-state and non-state structures, as well as their interactions based on the international division of labor and political contacts.

The result of the functioning of the world economy is to increase the efficiency of resource use in each state, accelerating the rate of economic growth throughout the world.

The development of the world economy is a long process started in the 14th century continuing to 15th century and thanks to the great geographical discoveries begin to form the world market. Foreign trade began to grow rapidly after the appearance of a large factory industry. A new form of economic relations appeared with the expansion of modern transportation system and communication. (MANESCHI; 1998)

International economic organizations - the institutions of the world economy, whose role has increased in recent decades. Most international economic organizations are non-state, there are about 3,000. These include such well-known organizations as the WTO, the IMF, the OECD, etc. Another group of organizations is interstate, about 400 of them. Among them are the EU, NAFTA, ASEAN, etc. (GUZHVA, LESNAYA, KONDRATYEV, EGOROV; 2009)

The world economy is characterized by the presence of a developed market infrastructure, which is formed by world markets: goods and services, production factors, capital, as well as the world monetary and financial systems. At present, the following structure of the world economy is clearly visible: world market of goods and services, global capital market, global labor market, international monetary system, international credit and financial system. (KUSHNIR, 2010)

International trade is the exchange of goods and services between state-national economies. World trade is a collection of foreign trade of all countries of the world. International trade differs from domestic trade:

1. resources at the international level are less mobile than within the country;
2. each country has its own currency;
3. international trade is more subject to political control.

World trade consists of export and import. The export of goods means that they are sold on the foreign market. The economic efficiency of exports is determined by the fact that the country exports the products, the production costs of which are lower than in other parts of the world. The amount of profit depends on the ratio of national and world prices of the product. During importing goods, the country purchases goods, the production of which is currently not profitable for it. The economic efficiency of imports refers to the economic benefit that a country receives due to the rapid satisfaction of its needs for certain goods due to the import and release of resources expended on the production of such goods within the country. The total amount of exports and imports is the foreign trade turnover of this country with foreign countries. (SEMENOVA, SOBOLEV, 2015)

3.2 The evolution of international trade and classical theories of international trade

3.2.1 Mercantilism theory of international trade

The first attempts at theoretical substantiation of the processes of international trade date from the 15th to the 18th centuries, when the economic theory of mercantilism arose and developed. Mercantilists considered only export economically viable. Thus, apparently, they are associated with the amount of gold and silver. This applies to exports, and any restrictions on import purchases, because they helped to get money out of the country. This policy continued the flow of money. (BULATOV, 1999)

Mercantilists believed that the economic benefit of some participants in the transaction (exporters) results in economic damage for others (importers). In Russia, Peter I adhered to this policy, who encouraged Russian industry and the export of goods, including through high import duties, the distribution of privileges to domestic monopolists. (FROLOVA, 2010)

The main disadvantage of this theory should be considered the representation of mercantilists, dating back to the Middle Ages, that the economic benefit of some participants in a commodity exchange transaction (in this case, the exporting countries) turns into economic damage for others (country importers). The main advantage of mercantilism is its export support policy, which, however, was combined with active protectionism and the support of domestic monopolists. (BULATOV, 1999)

3.2.2 Adam Smith and Absolute advantage theory

The theory of the absolute advantages of Adam Smith consists in determining the specialization of countries based on the absolute advantages in the production of a commodity.

Its creator, Adam Smith, begins the first chapter of his famous book, *A Study on the Nature and Causes of the Wealth of Nations* (1776), stating that "the greatest progress and development of the productive power of labour and a large proportion of art, skill and ingenuity with which it is directed and attached, appeared, apparently, a consequence of the division of labour ", and further comes to the conclusion that " if any foreign country can supply us with some goods at a cheaper price than we are able to manufacture it, much better buy it is with her for some of the product of our own industrial labour, applied in the area in which we have some advantage. ”

The theory of absolute advantages says that it is advisable for a country to import those goods for which its production costs are higher than those of foreign countries and to export those goods for which its production costs are lower than abroad, i.e. there are absolute advantages. In contrast to the mercantilists, A. Smith advocated freedom of competition within the country and on the world market, sharing the principle of “*laissez-faire*”, the non-interference of the state in the economy, put forward by the French School of Physiocrats. (BULATOV. YURIST, 1999)

Smith considered a ban on the import of certain goods or its restriction as a monopoly for the domestic product in the domestic market, from which producers and traders' benefit. Monopoly contradicts the interests of the domestic consumer, who is forced to pay a price increase, which almost always causes a monopoly. According to Smith, the only purpose of

production is consumption, and the interests of the manufacturer deserve attention only insofar as they can serve the interests of the consumer. (Studme.org)

Absolute advantages can be characterized in two ways:

- higher production efficiency of this product in a given country compared to other country (production volume per unit of time).
- cheaper production of a unit of a given product in a given country compared to other countries (time costs per unit of goods);

So, to determine the specialization based on the theory of absolute advantages, the production (or productivity) of the same product in one country and another is compared.

Weak side - countries where goods are produced without absolute advantages over other countries, there is no possibility to compete. (BULATOV, 1999)

3.2.3 Comparative advantage by David Ricardo

The lack of the theory of absolute advantages contributed to the emergence of the theory of relative advantages. Former London dealer David Ricardo in his book *Principles of Political Economy and Taxation* (1817), in which he proved that it is profitable for all countries to participate in international trade. This Law of comparative advantage of D. Riccardo allowed the theory of A. Smith to consider as a special case of this law.

Theory of comparative advantages - if countries specialize in producing those goods that they can produce at relatively lower costs compared to other countries, then trade will be mutually beneficial for both countries, regardless of whether they have an absolute advantage in production these goods or not. Thus, the theory of relative advantages recommends that the country import the goods, the production costs of which in the country are higher than for the exported goods. Subsequently, economists proved that this applies not only to two countries and two goods, but also to any number of countries and goods. (OGORODNIKOVA, SERGEEVA, 2010)

Advantages of the theory of comparative advantages:

1. For the first time described the balance of aggregate demand and aggregate supply. Although it was assumed that the value of a commodity is determined by the amount of labour required for its production, the theory of comparative advantage showed that this

value depends on the ratio of aggregate demand and supply for goods in the domestic and foreign markets.

2. Proved the existence of benefits from specialization and trade for all participating countries, and not just for one country because others suffer losses.
3. Gives the opportunity to conduct a scientifically based foreign economic policy.

The disadvantages of the theory of comparative advantage stem from the assumptions on which it is based. Therefore, applying it to the analysis of foreign economic relations, it is necessary to consider that it:

1. Does not consider transportation costs.
2. Ignores the impact of foreign trade on the distribution of income within the country, fluctuations in prices and wages, inflation and international capital movements.
3. It assumes the existence of only one factor of production - labour.
4. Ignore the existence of such important prerequisites for international trade as differences in the supply of factors of production by countries.
5. Based on the premise of full employment, which means that the newly-free workers in one industry can immediately find a job in another, more productive one. In other words, it is an assumption about fixed costs and, therefore, ignored the law of expenses that grow.
6. Does not explain trade between countries of approximately the same economic development countries, neither of which has a relative advantage over the other. (KOZIK, PANKOVA, DANILENKO, 2008)

3.2.4 "Principles of Political Economy" John Stuart Mill

John Stuart Mill (1806–1873) is one of the great specialists of economical science belonging to the classical school of England. He was an economist, philosopher, sociologist. In the middle of XIX Mill made the greatest influence in science.

Mill owns several fundamental works in the field of philosophy and political economy. Among them are: "The System of Logic" (1836), "Essays on the Unresolved Problems of Political Economy" (1843), "The Basics of Political Economy and Some Aspects of Their Application to Social Philosophy" (1848).

As a rule, Mill, in his methodology, analysed economic issues in terms of objective economic relations, recognized that economic laws are natural, and as a result he defended the principles of supply and demand, wages, free trade and free competition. According to Mill, the laws of production are constant, defined by technical conditions and have the character inherent in the natural sciences. In other words, they are objective and do not depend on anyone's will. While the rules of the distribution of wealth depend on the will of the ruling part of society. He concluded that these laws fully disclose the issue of income distribution among the main sectors of society. Based on his theory, Mill developed recommendations for social reforms of society. However, Mill also believed that there are spheres of social activity where the market mechanism is powerless. (ecouniver.com)

3.2.5 Heckscher-Ohlin theory

Modern ideas about what determines the direction and structure of international trade flows, based on the work of the Swedish scientists and economists Eli Heckscher and Bertil Olin. The main provisions of the new theory were formulated by E. Heckscher in a short newspaper article published in 1919. In the 20s and 30s of the 20th century. these provisions were summarized and developed by his pupil B.Olin.

Heckscher-Ohlin's theory explains the comparative advantages that a country has with respect to certain products, at the level of availability of production factors (land, labour and capital). National production differences are determined by the different endowment of factors of production, as well as different internal needs for those or other products.

In accordance with this theory, countries export those goods in whose production the excess factor is mainly used. If in a country, for example, there are a lot of labour resources, and there is not enough capital, then the labour in it will be relatively cheap, and capital - expensive, and vice versa. Each country will export those goods that are relatively cheaper to produce, using a mostly cheap production factor. (GAGUT, PANFEROV, 2008)

In the opinion of the authors, the problem is that countries are differently endowed with factors of production - not only labour, but capital and land, and relatively more than one factor

is used in the production of different goods. Based on the classification of production factors, E. Heckscher and B. Olin distinguished the following groups of goods:

Laborious, capital intensive, land intensive. Accordingly, it was possible to talk about labour-surplus (labour-intensive), capital-surplus and land-surplus countries. By applying this classification to modern conditions, China can be attributed to labour-surplus countries; USA, England, Switzerland - to capital surplus; Russian Federation - to the land surplus.

But the exchange of factors of production occurs not directly, through their movement, but in an indirect form - through the exchange of exported and imported goods, in the production of which certain resources were used. (KLYUKIN, MALIKOVA, 2007)

The neoclassical concept of Heckscher-Ohlin turned out to be convenient for explaining the reasons for the development of trade between the metropolises and colonies, when, in exchange for commodities coming to developed countries, cars, equipment, and capital were returned. This concept was used to explain the advantages of countries in the export of certain types of products in modern conditions. (ZHURAVLEVA, 2014)

3.2.6 The Leontief paradox

The well-known economist Vasily Leontief, examining the structure of exports and imports of the United States in 1947, found that, contrary to the Heckscher-Ohlin theory, relatively more labour-intensive goods prevailed in US exports and capital-intensive goods prevailed in imports. This result became known as the Leontief paradox.

Further studies have shown that the contradiction found by V. Leontief can be eliminated if the analysis of the structure of trade considers more than two factors of production. He hypothesized that in any combination with a given amount of capital, one person-year of American labor is equivalent to three person-years of foreign labor. (BULATOV. YURIST, 1999)

He suggested that greater productivity of American labour is associated with higher qualifications of American workers. Leontief conducted a statistical test, which showed that the US exports goods that require more skilled labour than imported ones.

This study served as the basis for the creation by the American economist D. Kiesing in 1956 of a model that takes into account the qualifications of the labour force. 3 factors are involved in production: capital, skilled and unskilled labour. The relative abundance of highly skilled labour leads to the export of goods that require a large amount of skilled labour. (FROLOVA, 2005)

3.2.7 M. Porter's theory

One important theory explaining the specialization of countries in the world economy is M. Porter's theory of international competition. In it, the author considers the specialization of countries in world trade in terms of their competitive advantages. According to M. Porter, for success in the world market it is necessary to combine the correctly chosen competitive strategy of companies with the competitive advantages of the country.

The factors that led to the emergence of the theory of competitive advantages are the following:

- a) real changes in the global economy and international competition in the context of globalization, by virtue of which the former classical theory was not able to characterize competitive advantages
 - b) revolutionary changes in technology;
 - c) the emergence of new industrial countries;
 - d) expanding internationalization of production (firms began to take advantage not only of the country in which they are based, but also of the countries where their finances are located).
- (studme.org)

According to M. Porter, the four main parameters that determine the development of modern foreign trade are: factorial conditions; demand conditions; close and service industries; firm strategy and competition. Changes in these conditions and their relationships among themselves lead to structural changes in the production program and foreign trade.

Intense competition in the domestic market stimulates the company's entry abroad, facilitating its search for foreign markets and changes in the structure of exports. Internal competition does not allow national firms, blaming foreigners for their failures, to seek

government support. At the same time, the same competition in the domestic market allows for an active search for foreign sales, provided that the goods are sufficiently competitive.

3.2.8 Globalization

Globalization has become an urgent problem of international economic relations in recent decades. Globalization means the departure of national economies beyond national borders. Although the concept of "globalization" is lately the most frequently encountered in the economic literature, it has not yet achieved complete clarity of the understanding of this term, both in its conceptual and practical sense. According to the prevailing point of view on globalization, it represents an increase in the interdependence and interaction of various spheres of public life and activities in the field of international relations. It affects almost all spheres of public life, including the economy, politics, ideology, social sphere, culture, ecology, security, lifestyle, as well as the very conditions of human existence. (GAGUT, PANFEROV,2008)

A close concept is the "internationalization of economic life", but globalization is the highest stage of internationalization. It is assumed that at this stage a harmonious combination of the interests of developed and developing, rich and poor countries will be ensured, a stable development of the entire global system will be achieved and the balance between society and the natural environment will be restored. The main subject of globalization processes, their driving force are transnational corporations.

The first about the phenomenon of globalization in connection with international relations began talking in the 1970s. economists. All of them fixed the most important thing in the sphere they were studying transnational corporations reached turnover exceeding the GDP of most states, and besides, through transnational activity they were able to get out of national control from the state and public structures of a country. Their resources allowed transnational corporations to influence the domestic situation in dozens of states, thereby effectively limiting their sovereignty. In the aggregate, all this meant that new decision-making centres and practical power were established in international life. (Gukasyan, 2010)

The positive effects of globalization are:

1. the deepening of specialization and the international division of labor, which, ultimately, contributes to raising the average standard of living and expanding the life prospects of the population;

2. increased productivity as a result of the proliferation of new technologies and increased competition;
3. expanding access to financial resources and increasing their mobility;
4. creation of the basis for solving global problems of mankind, first, ecological ones, thanks to the unification of the efforts of the world community, consolidation of resources, coordination of actions in various fields.

The negative effects of globalization:

1. the uneven distribution of benefits from globalization in the context of individual territories and sectors of the economy;
2. possible de-industrialization of national economies;
3. the ability to transfer control over the economies of individual countries from sovereign governments to other hands, including to more powerful states, TNCs or international organizations;
4. possible destabilization of the financial sector, potential regional or global instability due to the interdependence of national economies at the global level.

The greatest gains from participation in globalization are industrialized countries that can reduce production costs and focus on producing the most profitable high-tech products, transfer labor-intensive and environmentally dirty production to developing countries. But industrialized countries can also suffer from globalization processes, which, if not mastered, increase unemployment, increase instability in financial markets, increase social inequality, etc. Developed countries, using openness and globalization in their own interests, seek to consolidate the existing situation, which causes a natural protest of most of the world's population, which globalization brings increased poverty, unemployment, economic crises, increased external debt, and exacerbated regional environmental problems. (GAGUT, PANFEROV,2008)

3.3 The Foreign trade policy

Competition in the world market and clashes of national interests in international trade force states to use the instruments of foreign economic activity at their disposal. The influence of the state on foreign economic relations can be through: the impact on prices (price discounts and premiums for exports and imports), control of the volume of goods flow (introduction or removal

of restrictions on exports and imports), exchange rate regulation, etc. (FEOKTISTOV, KHUDYAKOVA, RUDENKO, 2006)

The state's foreign trade policy is a set of measures to regulate export-import operations. In the analysis of foreign trade policy, the policy of protectionism and the policy of "free trade" are distinguished. (ZUBETS, GRINKEVICH, BOGATYREVA, 2006)

3.3.1 The policy of protectionism

The policy of protectionism involves the use of measures to stimulate the export of domestic products and curb imports of foreign goods. Modern foreign trade policy has such protectionism tools as customs tariffs, non-tariff barriers and various measures to stimulate state exports.

Customs tariffs are duties representing the special tax of the state on goods transported across the country's border. Duties in the tariff are established by two methods:

- 1) as a percentage of the price of the goods, or a price duty, i.e. ad valorem duty;
- 2) in the form of a certain amount of weight, volume, pieces of imported goods. This duty is called specific.

Non-tariff restrictions are a system of licensing, the creation of unjustified standards of product quality and its safety, or simply bureaucratic prohibitions in customs procedures. Their goal is to reduce the number of imports to this country.

The system of protectionism is widely practiced throughout the world. But this policy has its negative sides. First, all countries cannot achieve complete success in imposing import restrictions and quotas - the export of one country is the import for another. In one country, this leads to the stimulation of the economy, and in the other - the host economy - on the contrary, it aggravates the employment problem. Secondly, protectionism causes a response from neighbouring countries. And everything suffers as a result, as international trade decreases, tendencies to a decrease in employment and a reduction in income appear. (ZUBETS, GRINKEVICH, BOGATYREVA, 2006)

3.3.2 Free trade

In the world economy, it is another type of trade policy, so it is called free trade.

Trade and political means of expanding exports have two main areas:

1. export credit in various forms and the sale of goods for export at dumping prices, i.e. at lower than the world.
2. export bonuses in direct and indirect form. Direct - this is the issuance to exporters of cash from the state budget when exporting goods. They enable manufacturers to reduce their prices for export products and expand export opportunities. Indirect - this is the provision of various financial benefits to exporters - exemption from the payment of domestic taxes, etc.

Currently, the use of tariffs in the regulation of international trade is becoming increasingly problematic. One of the main reasons for this is tight control over tariff restrictions by international organizations, primarily the World Trade Organization (WTO), which consistently pursue a policy of reducing the level of customs duties in international trade. (ZUBETS, GRINKEVICH, BOGATYREVA, 2006)

3.3.3 Instruments of foreign policy

According to the research, most countries in transition adhere to the protectionist regime of foreign trade. Among developing countries and countries with economies in transition, whose trade regime was assessed by experts as free, Ecuador, Latvia, Lithuania and Estonia stand out. In the 90s. XX century. There has been a trend towards liberalization of trade regimes and an increase in the number of countries pursuing a moderate trade policy. Experts note that developing countries for the most part have a significantly more restrictive trade regime compared to countries with transitional economies.

In most countries, the main task of the government in the field of international trade is to help exporters to withdraw as much of their products as possible, making their products more competitive in the world market, and limit imports, making foreign goods less competitive in the domestic market.

This can be achieved with the help of various instruments of trade policy, among which economic tools are of primary importance. Tools of state regulation of international trade are divided into tariff and non-tariff.

Tariff methods are based on the use of the customs tariff; non-tariff methods include all others, which, in turn, are divided into quantitative methods and tools of hidden protectionism. Minimum duties are set with most favoured nation countries, and preferential duties are imposed on imported goods from developing countries.

Customs duties can perform various functions. For example, fiscal duties in many countries serve as a means of replenishing the state budget revenues. As a rule, they are set at low rates for goods that are not produced in a given country (coffee, citrus, etc.). Protectionist duties are an important tool for regulating foreign trade. The amount of duty should be such that the selling price of imported goods in the domestic market of the country exceeds the price of the domestic manufacturer.

In recent years, states have begun to actively use anti-dumping and countervailing duties in the regulation of imports. The rates for these types of duties are established after proof of the fact of dumping (selling goods below expected costs) and establishing the number of subsidies to foreign exporters.

Other instruments regulating foreign trade include **non-tariff restrictions**. Their number is more than two thousand different species. Currently, they are the main obstacle to the liberalization of international trade. Of all types of non-tariff barriers, quantitative restrictions are most often applied, namely: licensing, quota provisioning, and “voluntary” export restrictions.

Licensing involves the issuance by the state authority of permits for foreign trade operations. Import licenses are distributed mainly through an auction or using a system of explicit preferences.

Quota provisioning consists in introducing quantitative restrictions on the volume of exports and imports of certain goods that are valid for a certain period. Installed contingents (quotas) may be seasonal.

Among other types of non-tariff barriers are financial and currency means of restricting imports. Financial means include border tax and various fees: port, stamp, statistical. Currency restrictions are set by the states for current operations of the balance of payments. They regulate the movement of goods and services, capital, loans, transfer of profits and tax revenues.

The main means of export regulation is direct subsidies. It represents the payment of export premiums covering losses from price differences in the domestic and global markets. This incentive is usually used where there is strong competition. An important form of export promotion is indirect subsidies. In some countries, for example, in France, exporters are exempted from paying indirect and partially direct taxes. High rates of depreciation are established, which is tantamount to granting tax incentives. Export promotion is also carried out in the form of state insurance of private export credits. Loan insurance guarantees cover various types of political and commercial risks. (VOROBIEV, GRITSENKO, KIM, 1997)

3.4 International trade institutions

The economy is internationalizing, due to the growing interconnection of countries in the world economy, it has become necessary to artificially regulate economic processes and international relations, and this is possible through the joint efforts of countries. This kind of regulation was possible already in the first half of the 20th century, but after the Second World War, in connection with the globalization of the world, it reached a new level. The regulation is that countries undertake various obligations related to the conduct of economic policy in the international arena.

A special role in the regulation of international trade is played by multilateral agreements operating within the framework of:

- GATT (General Agreement on Tariffs and Trade)
- WTO (World Trade Organization)
- GATS (General Agreement on Trade in Services)

3.4.1 GATT

An important role in the regulation of international trade, in removing obstacles to its development, and its liberalization are played by international economic organizations. One of the main organizations of this kind is the GATT - General Agreement on Tariffs and Trade. The

agreement on the creation of GATT was signed by 23 countries in 1947 and entered into force in 1948.

GATT is a multilateral international agreement containing principles, legal norms, rules of conducting and state regulation of the mutual trade of member countries. GATT was one of the largest international economic organizations, the scope of which covered 94% of world trade.

The legal mechanism of the General Agreement on Tariffs and Trade is based on several principles and rules: on the other hand, the national regime, equalizing in the rights of goods imported and domestic production in relation to domestic taxes and fees, as well as the rules governing domestic trade. (VOROBYOV, VOROBYOVA, 2007)

3.4.2 WTO

Since January 1995, GATT replaced the World Trade Organization (WTO). Its founding members are 81 countries. The agreement on the creation of the WTO was preceded by a seven-year period of negotiations in the framework of the "Uruguay Round".

WORLD TRADE ORGANIZATION (WTO), a multilateral intergovernmental organization on international regulation of trade in goods and services. Created based on an agreement signed in 1994 in Marrakech (Morocco).

The formation of the WTO testifies to the further internationalization of the economy, characterizes its current stage - the stage of globalization of economic life. The WTO is called upon not only to promote the further removal of trade barriers between countries, that is, trade liberalization, but also to promote the development of other modern forms of international economic relations.

The benefits of participation are as follows:

1. In raising incomes in the country. In lowering trade barriers conducive to the growth of trade, which leads to an increase in government and personal incomes of export industries. The state can redistribute increased government revenues in order to assist weaker enterprises affected by competition.

2. increase in employment (in export industries and trade).

3. In improving the effectiveness of foreign economic activity of the country.

Benefits of WTO membership for consumers:

1. Reducing the cost of living.
2. A wider selection of goods and services.

The political benefit of membership in the WTO is the fight against corruption and protection from lobbying.

The advantages of a country from participation in the WTO in the field of international cooperation is that all countries participating in the WTO have equal opportunities. (VOROBYOV, VOROBYOVA, 2007)

3.4.3 GATS

One of the main international acts regulating trade in services in the global economy of the beginning of the XXI century is the General Agreement on Trade in Services. The GATS was developed during the GATT Uruguay Round and is one of the main annexes to the WTO Agreement on Education and, accordingly, one of its legal foundations.

The terms of reference of the GATS cover all types of services, except for those whose delivery is related to government management functions. Particularly detailed in the GATS deals with financial services. The trade in services regulated by GATS includes both services moved across national borders and those produced and consumed by foreign individuals and legal entities in the territory of the participating countries.

GATS provide for two types of obligations: 1) general, assumed by the country unconditionally, and 2) specific, relating to the specific conditions of access to the market for services of a country. Specific obligations include, first, obligations to provide foreign suppliers with free access services or national treatment in the market of a given country, i.e. equal conditions with local market participants.

By signing the GATS, states are not obliged to immediately liberalize their market for services in all sectors to the level of national treatment. When negotiating accession to the

GATS, it is possible to achieve a certain duration of the transition period in relation to individual service sectors and considering the priorities of the national economic policy, as well as the level of development. (SMITIENKO, POSPELOV, KARPOVA, 2008)

3.4.4 The IMF

The International Monetary Fund (IMF) promotes international cooperation in the monetary and financial sphere, provides financial stability, promotes international trade, high employment and sustainable economic growth, as well as poverty reduction throughout the world.

The IMF was established in 1945; it is governed by 188-member states, which include almost all countries of the world.

The idea of creating the IMF, known as the "Fund", originated at a United Nations conference convened in Bretton Woods, New Hampshire, USA, in July 1944. The governments of the 44 countries represented at this conference aimed to form the basis for economic cooperation.

The main objective of the IMF is to ensure the stability of the international monetary and financial system, the exchange rate system and international payments, which allows countries (and their citizens) to conduct operations with each other. This system is essential for promoting sustainable economic growth, raising living standards and reducing poverty. (SAKHAROVA, 2015)

4 Practical part

4.1 Analysis of the state of foreign trade of Russia at the present stage

The modern Russian economy begins in 1991, with the collapse of the Soviet Union and the formation of the Russian Federation. The country pledged to carry out economic modernization.

The system of regulation of foreign trade operations in Russia began to take shape at the end of 1991 and the beginning of 1992. Non-tariff regulation methods are used - quotas and licensing of export deliveries, as well as the registration regime for exporters of strategically important commodities (CST). The overwhelming part of Russia's exports was in licensing control (in 1992-1993 it was about 75-80%), and for its main volume of licenses were issued within the limits of quotas established by the state.

Since 1992, the export customs tariff has become effective. In the first two years of its operation, export duties covered about 3/4 of Russian exports. Duties were subject to export of fuel and raw materials, food, industrial semi-finished products, as well as certain types of finished industrial products.

The most important shifts in state regulation of foreign trade activities occurred in 1995: liberalization of oil exports, abolition of the institute of special exporters of the SVS, limitation of the scope of non-tariff regulation measures, introduction of new import customs duties, reduction or abolition of export customs duties on the main product groups. Export customs duties were abolished from April 1, 1996 on almost all commodities, and on oil and gas condensate from July 1, 1996.

One of the main results of the liberalization of foreign trade is the transformation of the customs tariff into the main tool for regulating imports.

Since August 22, 2012, Russia is a member of the World Trade Organization. Russia is a party to the Treaty on the Free Trade Zone of the CIS, the Customs Union of the EEU, the Eurasian Economic Union.

In 2014 and the subsequent period, Russia's foreign trade was significantly affected by the economic sanctions imposed on it and the counter-sanctions imposed by the Russian government on foreign trade.

4.2 Dynamics of Russian foreign trade

According to customs statistics, the foreign trade turnover of the Russian Federation in 2018 amounted to 688.1 billion US dollars and increased by 17.6% compared with 2017, including exports - 449.9 billion US dollars (an increase of 25, 8%), imports - 238.1 billion dollars (an increase of 4.7%). The trade balance amounted to 222.4 billion US dollars, in 2017 - 119.6 billion US dollars.

In the total volume of the foreign trade turnover of the Russian Federation in the share of foreign countries in 2018 accounted for 88.2% (in 2017 - 87.5%).

In the total volume of Russia's foreign trade turnover, the share of the States members of the Commonwealth of Independent States (CIS) in 2018 was 11.8% (in 2017 - 12.5%).

Russia's trade with the CIS countries in 2018 amounted to 80.8 billion US dollars, including exports - 54.6 billion US dollars, imports - 26.2 billion US dollars. Compared with 2017, trade increased by 10.6%, including exports - by 13.5%, imports - by 5.3%.

The balance of trade with these countries was positive in the amount of 28.4 billion US dollars, in 2017 - 23.2 billion US dollars.

In the structure of Russia's foreign trade in groups of countries, the European Union (EU) occupies a special place as the largest economic partner, its share in the total trade turnover of the Russian Federation in 2018 was 42.7% (in 2017 - 49.6%), the countries of the Asia-Pacific Economic Cooperation (APEC) - 31% (in 2017 - 30.4%), for the states - participants of the CIS - 11.8% (12.5%), for the countries of the Eurasian Economic Community (EurAsEC) - 8, 1% (8.8%).

The largest trading partners of Russia in 2018 were: China - 15.7% of the trade turnover of the Russian Federation (in 2017 - 14.8%), Germany - 8.7% (8.5%), the Netherlands - 6.8% (6.7%), Belarus - 4.9% (5.2%), Italy - 3.9% (4%), Turkey - 3.7% (3.9%), USA - 3.6% (3.9%), the Republic of Korea - 3.6% (3.3%).

Thus, Russia's trade with non-CIS countries in 2018 amounted to 607.3 billion US dollars and increased by 18.5% compared with 2017, including exports - 395.3 billion US dollars (an increase of 27, 6%), imports - 211.9 billion US dollars (an increase of 4.6%).

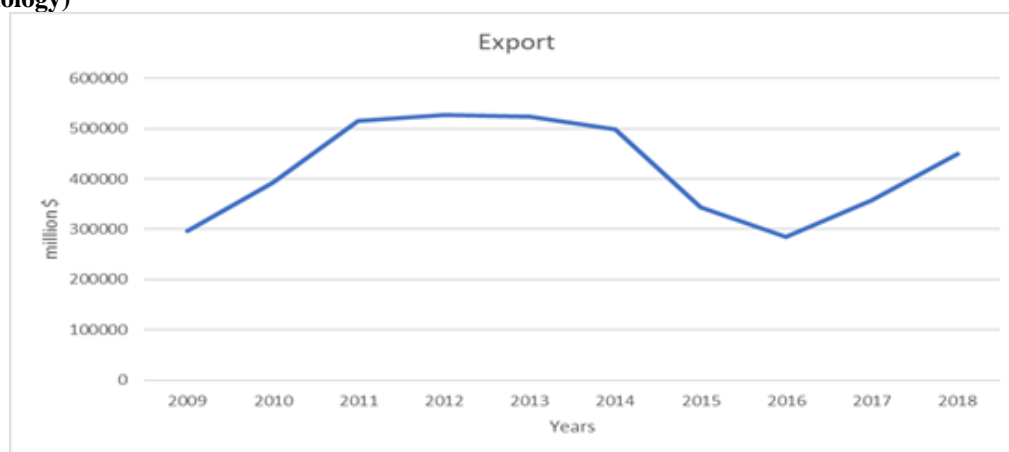
In the category of goods exported by Russia, most of it falls on:

- fuel and energy products. Their share in 2018 was 63.7%, in 2017, 59.2%
- metals and products from them. The share in 2018 was 9.9%, in 2017 10.4%

Import:

- machinery, equipment and vehicles. Their share in 2018 was 47.3%, in 2017 it was 48.5%
- chemical industry products. The share in 2018 is 18.3%, in 2017 it is 17.7%

Figure 1 Export in billions of US dollars in 2009-2018 (According to the balance of payments methodology)



Source: Compiled by the author based on data Federal State Statistic Service

This graph shows the trend of Russian exports over the past 10 years. It is clearly seen that from 2014 to 2015 there was a sharp drop in exports. In order to understand this phenomenon, we will look at prices for the main export commodity of the Russian Federation - oil.

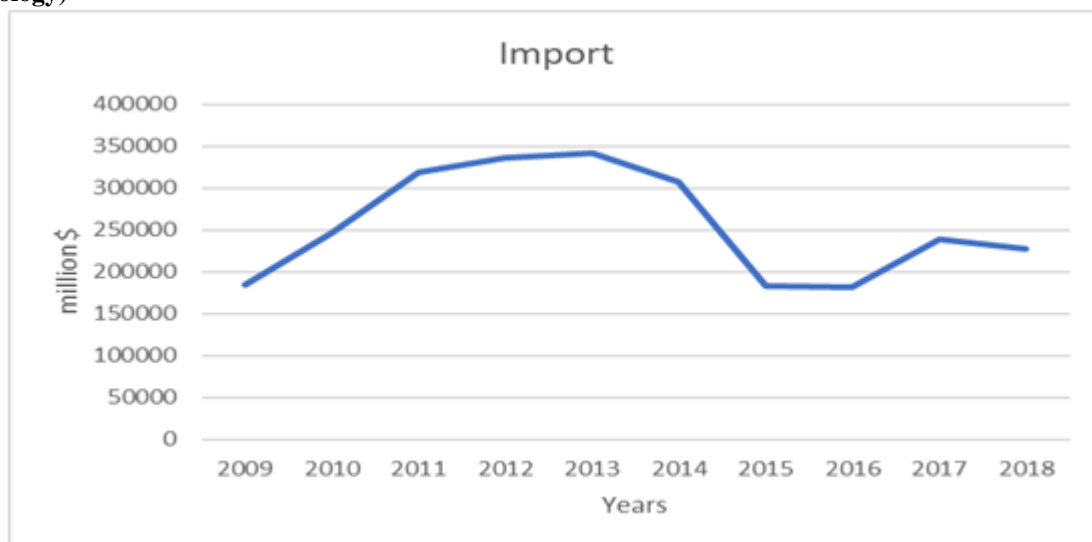
Figure 2: The prices on oil in 2009-2018



Source: Investing available at: ru.investing.com

Trends in oil prices directly affect the export of the Russian Federation. With the rise in oil prices, exports grow (in monetary terms). The graph shows that there was a sharp drop in oil prices in 2014, with this and export has changed.

Figure 3 Import in billions of US dollars in 2009-2018 (According to the balance of payments methodology)



Source: Compiled by the author based on data Federal State Statistic Service

Changes in Russia's imports are related to the country's foreign policy. The decline in imports in 2014 is due to the conflict between Russia and Ukraine, and the subsequent sanctions because of this:

- US froze investment and military cooperation with Russia
- The United States stopped licensing exports to Russia of defence goods and services
- European Investment Bank stopped financing projects in Russia
- Delivery of equipment for deep oil and gas production, development of the Arctic shelf and shale oil and gas production is prohibited in Russia. It is also prohibited to supply drilling platforms, parts for horizontal drilling, underwater equipment, marine equipment for work in the Arctic, software for hydraulic fracturing to Russia.

4.2.1 Geographic structure of foreign trade

Russia is the world's largest country in terms of geographic area. It shares land or maritime borders with 16 other European or Asian countries. In the geographical structure of Russia's foreign trade, the main partners — trading counterparties — remain industrialized countries. Their share in the Russian trade turnover is more than 60%. These countries are the main consumers of fuel and energy and commodities, which form the basis of Russia's exports to foreign countries. The countries of Western Europe, the USA and Japan retain their role as the main suppliers of modern equipment, advanced technology, and food products necessary for the Russian economy.

In the geographical structure of Russia's foreign trade, one can note the increasing role of the countries of the Asia-Pacific economic cooperation, primarily China, the new industrial states of Southeast Asia. Among the CIS countries, the main foreign trade partners are Belarus, Kazakhstan and Ukraine, which account for 83.1% of foreign trade with the CIS countries.

The raw structure of industrial production, the increasing technological gap, the deterioration of production equipment reduces competitiveness. In most export sectors of the Russian industry, production costs per unit of production are higher than in the countries that are leading suppliers of mineral raw materials and semi-finished products. The development of production predetermined a change in the commodity structure of foreign trade. Its structure is dominated by raw materials and semi-finished products - products with low added value. Energy

products and metals make up over half of the export volume. The share of cars fell to 6.4% of the value of exports.

In the international markets for high-tech goods, the place of the Russian Federation is noticeable only in the export of weapons and military equipment, in the supply of equipment for nuclear power plants.

The energy and raw materials orientation of exports predetermines the significant dependence of the country's trade and payment balances on commodity price fluctuations in international markets.

The Russian Federation is the largest supplier of nickel, untreated wood, natural gas, mineral fertilizers, steel, crude oil and petroleum products, aluminium, as well as weapons and military outfit. For individual goods, deliveries from the Russian Federation occupy an important place in the domestic demand among importing countries.

Thus, in the geographical structure of Russia's foreign trade, the main partners — trade counterparties — both have been and remain industrialized countries, and their share in Russian trade is more than 60%.

4.2.2 Study of the trade balance of the Russian Federation

The considered changes in the sectoral structure to a certain extent were caused by shifts in the geographical direction of foreign trade. The main trading counterparties are developed countries, which account for more than 60% of Russian trade. The share of peripheral countries has declined. Among developed countries, the main markets for Russian goods are the EU countries - 42.7% and the APEC countries - 31%. In Western Europe, Germany and the Netherlands are the largest consumers of Russian products.

The trade balance is reduced with an increasing surplus, which is mainly provided by the trade in raw materials and semi-finished products with developed countries. The balance of trade in services is negative. It is formed mainly in the article of tourism.

Table 1 The distributions of Russian foreign trade data (according to the balance of payments methodology)

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Export	297155	392674	515409	527434	523275	497763	343543	285491	357817	449964
Import	183924	245680	318555	335771	341337	308026	182718	182261	238151	227503
Trade balance	113231	146994	196854	191663	181938	189737	160825	103230	119666	222461
Turnover	481079	638354	833964	863205	864612	805789	526261	467752	585320	688115

Source: Federal State Statistic Service

Based on these table, which showed the three main components of the balance of payments of the Russian Federation (export of goods, import of goods and trade balance) over the past ten years, it can be concluded that, in general, according to these indicators, there is a tendency to increase them. That is, if we take, for example, the import of goods, then in 2009 it was 183.9 billion US dollars, and in 2018 this figure was 227.5 billion US dollars. Exports: 2009 - 297.1 billion US dollars, 2018 - 449.9 billion US dollars. In general, despite the crisis in the economy, the trade balance from US \$ 113.2 billion in 2009 increased to US \$ 222.4 billion. The sharp drop in indicators from 2014 to 2015 is due to foreign policy reasons (sanctions, rapid decline in world oil prices).

The country's position in the system of foreign trade relations on the international market of innovative technologies is determined by the degree of development of its innovative development, which forms the level of scientific and technical potential. If we examine the level of innovation development in Russia, then it will be appropriate to compare it with other countries represented on the global market for innovative technologies, for example, with the developed countries of the world that are members of the OECD. The analysis showed that Russia is far behind as compared with OECD countries.

The level of innovation of international trade activity in Russia, compared with the countries that are leading participants in foreign trade transactions in the global market for innovative technologies, is significantly inferior. Russia is significantly inferior in penetrating the world market of innovative technologies, which requires a radical increase in the effectiveness of foreign trade in the innovation sphere. But this also involves solving other important problems: an increase in the volume of exports of high-tech goods to the world market; increasing their market share, increasing production and using innovative information

technologies (ICT), and, finally, improving the institutional and innovative environment, which includes state research institutes, private and state innovation partnership institutions.

State investments, both in the development of research institutions and in R & D, play an important role in advancing Russia to the global innovation market. Also, an important role in financing R & D is also played by sources such as the business sector. In international practice, an indicator of innovation potential characterizing a country's ability to innovate, including a set of specific indicators, is widely used to assess the role of a country in the global market for innovative technologies: marketing, the number of people employed in R & D, the number of patents obtained for innovative developments, the degree of legal protection of intellectual property, Hb development of scientific and educational sphere.

Thus, the assessment of Russia's foreign trade on the international market, including innovative technologies, allows us to draw the following conclusions:

1. such acute problems as the legal provision for the protection of national innovative property in the country and abroad are not eliminated; it is necessary to create the most favourable conditions for the production and foreign trade exchange of innovative technologies;
2. at a low level, the use of tools to prevent unfair competition in the market of innovative technologies; antitrust laws are not being observed, and many others.

4.2.3 Prospects for the development of Russian foreign trade

Prospective solutions to the problems associated with innovating foreign trade activities, in my opinion, consist in differentiating the branches of the Russian NHC in terms of their level of preparedness for introducing innovative technologies and in terms of the objective possibility of increasing the output of innovative products for export. In this regard, it seems a rational grouping of industries into homogeneous groups, which, if we consider the foreign trade activity, from the standpoint of state innovation regulation of the international trade activity, can be formed into three groups.

To the first group can be included raw materials sectors that need government support to ensure deep processing of raw materials and further consolidate not on raw materials, but on the

international market for innovative technologies. These may include the following industries: fuel and energy, metallurgy, diamond, chemical and forestry.

In the second group, it is advisable to include industries whose products have potential competitiveness in the global innovation market. For example, aviation and rocket-space, nuclear, power machine-building, woodworking, electrical, medical and laser technology and technology, heavy machine-tool construction, biotechnology, pulp and paper industry. The main feature of the industries of this group is that they need government support to ensure access to the world market for innovative technologies.

The third group could include industries that are mainly focused on the domestic market: light and food industries, automotive, road, transport and agricultural machinery, textile industry. To ensure innovative development, a high level of competitiveness in relation to imported high-tech products, they need government support, but in the domestic market.

Thus, I can assert that it is a differentiated approach to ensuring the innovative development of commodity producers can increase the level of competitiveness of high-tech domestic goods and services both in the global market and in the domestic market for innovations.

The capacity of the international market for innovative technologies, high-tech goods and services is more than 1 trillion dollars, which allows Russia to have its own segment of this market, which corresponds to its scientific potential, the level of innovative development of export potential. Russia should develop foreign trade relations only as an equal partner, constantly increasing its sector in the global innovation market. At present, Russia occupies the position of a peripheral country, in which raw materials exports have become a decisive factor in the development of the national economy. The share of energy products in Russia is more than 60%, which indicates a pronounced specialization of Russian exports, including raw materials and goods of low degree of processing.

Today in Russia there are no necessary conditions for the mass production of high-tech goods technology. This requires significant public investment, which must be found in the very near future. It should be considered as a positive factor in solving the problem of leaving the peripheral group, the fact that Russia is the world leader in the development of a number of

fundamental scientific problems in the field of mathematics, physics, computer science, medicine, physiology, chemistry, as well as in areas related to the development of nanomaterials, laser and cryogenic, aerospace and military equipment, telecommunications and communications. Considering the above, in the formation and implementation of the mechanism of state support for the development of the scientific and technical sphere, it may be advisable to concentrate efforts on those areas of research and development in which the necessary innovative potential already exists. Therefore, state support in the scientific and technical sphere should be to ensure the innovative development of exports:

- Information technology and electronics. Innovative developments in this area are distinguished by high quality, low capital intensity, which ensures efficient access to global high-tech markets. The most likely prospects for winning leading positions on the world market are in developments in the field of neuroinformatic, mathematical modelling. In addition, they represent the basis for creating the latest computer models in the atomic energy, economy, ecology, social sphere, as well as the formation of intelligent software systems that recognize and evaluate objects in cases of unstructured, non-formalized and fuzzy source data. High scientific and practical significance have new computing systems that provide hundreds of trillions of operations per second. They are of value in solving scientific problems in nuclear energy, aerodynamics, meteorology, etc.

- Integrated information and telecommunication systems. Using domestic technologies and the element base, these systems allow us to ensure a multiple increase in the potential of telecommunication systems, while significantly increasing the technological level of production processes.

- Innovative technologies, products, goods, services. The most significant export potential in this area are: laser technology, which has a wide range of use in medicine, space and defence purposes, engineering; technology of deep processing of minerals; electron-ion-plasma technologies that allow to provide a new method of applying bimetallic and metal-ceramic coatings; rotational and linear displacement mechatronic modules based on the integrated use of precision mechanics, electronics and electrical engineering. Innovative chemical products and materials. In particular, the production of polymers and composites, structural polymeric materials - heavy-duty and heat-resistant mixtures and alloys of plastics, carbon-based space materials and others, as well as synthetic super hard materials and intersatellite, homogeneous biocatalysts, rare types of membranes.

- Technologies of living systems. They are followed by the life support systems of a person in extreme conditions that are of value, for example, in life support in space flights, etc. Transport. In this area, new models of aviation technology based on the use of modernized gas turbine engines, unconventional transport schemes and some types of marine and shipbuilding technologies, navigation systems are of importance. Among the most important developments in the field of civil transport, which soon can be used the development of high-speed rail, sea and river transport, helicopters, intermodal transportation, new technologies of traffic management.

- Energy and fuel. The main role in the export of innovative energy technologies is played by the newest models that ensure the introduction of new generation nuclear power plants into mass production in the shortest possible time, improving the fuel cycle for utilizing nuclear power plant equipment, regenerating spent nuclear fuel, and disposing of radioactive waste.

- Armament. Russia - occupies a leading position among the few countries that can design and produce super complex technical systems used in armaments. At present, this is the basis of Russian export contracts for the supply of weapons systems, for example, to the PRC and India.

Thus, it can be concluded that a differentiated approach to ensuring the innovative development of commodity producers can increase the level of competitiveness of high-tech domestic goods and services both in the global market and in the domestic market for innovations.

4.3 Events promoting the development of foreign trade

Before you dwell on the events that contribute to the development of foreign trade activities of the Russian Federation, you should refer to the forecast of the development of this activity.

Russia's foreign trade activity, considering such factors as Russia's complex relations with foreign countries, sanctions imposed by Western countries, the decline in oil prices, events in the Middle East cannot count on improvement in its development in the coming years.

And these conditions will adversely affect the growth of exports and imports. The situation in the external markets will also significantly complicate the situation. Nevertheless, the raw structure of exports will not change and practically in the form in which it is now, will remain by 2020, despite the relatively low oil prices.

Among the main trade directions, Russia will not be able to fully increase the volume of trade with the CIS (largely due to the Russian-Ukrainian crisis). Trade will also decline with most foreign countries, except for China, Korea, and India.

Based on the above forecast, it is possible to determine the main activities that contribute to the development of foreign economic activity of the Russian Federation. I propose methods for the development of foreign economic activity of Russia:

- mobilizing the opportunities and benefits of international economic cooperation to promote the interests of the Russian Federation in the world market,
- ensuring sustainable, innovation-oriented development of the national economy;
- formation of a system of institutions and mechanisms for the development of foreign economic activity, providing competitive conditions for the activities of Russian companies on the world market;
- improving the efficiency of the system of checkpoints across the state border of the Russian Federation, considering the objectives of the development of foreign economic activity.

5 Conclusion

The transformations taking place in the external economic complex of Russia radically change the appearance of the Russian economy. The significance of these changes is important in terms of their impact on the relations of the Russian Federation with the European Union, the USA, the countries of Central and Eastern Europe, and ultimately the entire system of international economic relations.

The sphere of foreign trade gives tremendous opportunities for the formation and development of the economy, the formation of the country's budget, and the maintenance of the people's welfare. The current model of Russia's interaction with the world market does not correspond either to its potential capabilities or to its long-term economic interests.

In an uncertain situation in the foreign policy arena, complicating Russia's relations with foreign countries, imposed by Western countries sanctions, lower oil prices, events in the Middle East and many others, it became necessary to take certain measures to "revitalize" foreign policy and foreign trade.

The priority measures of state policy in the sphere of foreign economic activity, determined in accordance with the strategic documents, include:

- formation of necessary and enough conditions for achieving the strategic goals of the Russian Federation in the world economy and increasing the contribution of the foreign economic sphere to solving the tasks of innovatively oriented modernization of the national economy;
- the creation of a competitive (compared to the best foreign practice) and accessible to a wide mass of entrepreneur's national system of institutions and mechanisms for the development of foreign economic activity;
- formation of a system of state regulation of foreign economic activity, effectively ensuring the national interests and the interests of Russian business;
- effective support of the interests of participants in foreign economic activities of the Russian Federation and the Customs Union as a whole.

Subjects of the Russian Federation in order to ensure the implementation of the program also carry out activities in the main directions of development of foreign economic activity.

The program is designed for approximately 6 years. Its implementation will allow:

- improve the export specialization of the Russian Federation;
- reduce the share of machinery, equipment and vehicles in the export of goods;
- will lead to an increase in 1.5 times the number of organizations - exporters of goods
- significantly increase the place of the Russian Federation in the World Bank rating;
- improve the conditions and parameters of international economic cooperation for the Russian Federation;
- will increase the volume of trade of the Russian Federation with the member states of the Customs Union and the Common Economic Space of non-commodity goods and services.

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7 Appendix

List of Supplements:

OECD - The Organisation for Economic Co-operation and Development

ICT - Information and communications technology

CIS - Commonwealth of Independent States

R & D - Research and development

NHC - National Holding Company

PRC - People's Republic of China