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Bachelor Thesis Abstract

Foreign Trade of Russian Federation

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Summary

As one of the most important aspects of the development of the economy acts foreign trade activity of the country. It is also important to go through the history of origin of different concepts of trade and its interpretation in present time. As a main part of the work, stands the development of economic state of the Russian Federation and foreign relations of the country during the post-soviet time.

Since the collapse of the USSR, the development of the foreign trade policies of Russia had significantly changed. As one of the main reasons of such changes performs transformation of foreign partners from CIS countries to EU member states and APEC. The commodity structure of foreign trade was mostly constituted by export of energy resources, then goes mineral products, machinery and equipment and other commodities such as fabrics and foodstuff.

Due to the increasing trade exchange, Russia is becoming more dependent on exports, as well as the growth of economy. Mostly, such dependence of the economic growth is explained by the global changes in prices of oil products, as these commodities constitute the biggest part of total exports.

Accession to the World Trade Organization also played a big role in the development of foreign policies. As a result of reduced trade barriers, population of the country prefer high quality imported products, as local producers are not able to compete with foreign producers.

According to the current performance of the country, government should transform political position from export orientation to development of local industrial sectors.

Keywords: The Russian Federation, foreign trade, export, import, GDP, WTO, trade policies, sanctions.

Objectives.

The main aim of the work is to analyze the actual economic state of the Russian Federation using available information from the web resources of national statistics services and other analytical sources. Partial aim include the analysis of the Russian accession to the WTO and impacts of reduced trade barriers on the national market.

Another goal is to estimate further possible development of the economy of Russia due to the accession to the World Trade Organization and, mostly due to the latest sanctions exhibited against Russia by several European countries and the United States of America.

Methodology.

The first part of the bachelor thesis contains literature review on the subject of foreign trade. The theoretical part includes the review of the most common economic theories, main reasons to conduct the trade and international organizations that are controlling the foreign trade relations. The main methods that were used are description, synthesis and extraction.

The practical part is conducted using comparative and descriptive methods according to the available information from such sources like Central Bank of the Russian Federation, Federal Customs Service and Russian Federation State Statistic Service. Comparative analysis will be used mostly to analyze economic situation with previous years.

Conclusion.

Foreign trade plays a very important role in the development of the economy and constitutes huge part of national GDP. However, the development of foreign trade is dependent not only on structure of commodities and products traded, but also on the territorial and geopolitical conditions of the country. These conditions could encourage barriers for the development of mutually beneficial trade relations. In such situations, international organizations, like World Trade Organization, are helping to resolve arisen issue. Also, the process of globalization is playing a big role for the foreign trade policy of the country.

All of the factors, influencing the development of foreign trade relations were considered in the context of the Russian Federation. The main aim of the work was to make an analysis of the tendencies of development of foreign relationships in Russia for the period since the collapse of USSR till the year 2014, including the latest events, connected with unrest in Ukraine and exhibition of sanctions.

To summarize the results of economic development for the period of time since 1990-ies, due to the collapse of former USSR there were a lot of significant changes in political and geopolitical relations of the Russian Federation that had a great impact on the national economy.

As a result of liberalization of foreign trade, Russian economy has faced difficulties such as – growing inflation, dependence on exports and low competitiveness of local producers against foreign.

However, since 2000s Russian economy began to grow with the average of 7% annually, mainly because of huge amount of exports of oil products. In such a way, dependence on exports of energy resources lead to the sharp fall of annual growth of GDP as a result of global financial crisis in 2009 and reduction of prices on energy resources for about 35%.

The shortages of light industries in Russia are now representing potentially high threat for further development. As a result of sanctions that were presented by several EU countries and the US, the imports to the RF has shrunken dramatically, that in turn had affected local producers. As for now, national industries are not able to produce volumes that are necessary to meet the needs of the whole country. The main reason is the shortage of investments into the light industries. And this is surprisingly, as the country has a huge potential to meet the needs of the country in all its sectors.

The analysis of territorial and structural trade of Russia, showed that after the collapse of USSR, the development of trade relations was mostly targeted on non-CIS countries, where the half of them constitutes the European Union (50.1% in 2013). Also, lately, relations with APEC have significantly grown and as for the year 2013 were constituting 24.3% of the whole foreign trade.

In the commodity structure of trade, 2/3 of the total exports constitutes oil and energy resources (67.4% in 2009). Considering the import of foreign production, 50% is dedicated to vehicles and equipment and only 19% is connected with trade of goods and services.

The accession of the Russian Federation to WTO is also of a great importance for increasing competitiveness of local markets. However, national producers are still not in the favor, as mostly, Russian people prefer high quality imported products. Thus, the accession to WTO should have a positive impact on the development of economy, yet it

has affected for the worse, making Russia even more dependent on imported products. Considering the exports, Russia is still waiting for the acceptance of national steel production on the global market, because so far, Russian steel is not accepted in the EU. Summing up the contents of the work, we can say, that Russia is globally important business partner for the European countries as well as for CIS and APEC. The nature of Russian foreign trade is based on the comparative advantages of energy resources and weaknesses of local industries. Considering the further prospects, the foreign trade policy would be determined by the world commodity prices. Also, if government would support political position to develop national production and reduce dependence on import products, Russia can achieve success in the development of the economy and become one of the most developed economies in the world. In my opinion, the main priority of the country in the nearest future should be innovative technological orientation aimed to increase competitiveness in the global market and reduce dependence on foreign markets.

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