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ВНЕШНЕЭКОНОМИЧЕСКАЯ ДЕЯТЕЛЬНОСТЬ

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FOREIGN TRADE AS THE MAIN COMPONENT OF EXTERNAL ECONOMIC ACTIVITIES

1

Topic

ISSUES TO BE COVERED

Basic terms and elements of international economic relations. Forms of foreign trade. The role of international economic activity in the development of countries and enterprises. Foreign trade of developed and developing countries. Russia's foreign trade evolution. Russia's foreign trade dynamics and commodity structure. Russia's foreign trade partners. Preconditions of the Nizhny Novgorod region's foreign trade development. The Nizhny Novgorod Region's foreign trade structure, tendencies and perspectives. The nature of trade in services. International trade in services. Russia's foreign trade in services. Border trade.

THE LEARNING OUTCOMES

On completing this Topic, you will be able to:

- list the basic elements of external economic relations;
- name foreign trade forms;
- understand the basic terms in the sphere of foreign trade activities;
- describe the history of Russia's foreign trade development;
- show the dynamics, commodity and geographic structure of foreign trade of Russia and the Nizhny Novgorod region;
- explain the key tendencies in the development of international trade in services.

LECTURE SUMMARIES

External economic relations comprise the following activities: foreign trade, foreign investments, international information and labour force exchange, production co-operation, currency financial relations.

Being the main component of foreign economic relations, foreign trade is a very important factor in economic development of many countries of the world that take part in the international division of labour and co-operation. It is widely known that international trade enables nations to gain by exporting products they can produce with greatest relative efficiency and by importing goods they cannot produce efficiently. As a result, countries enhance the productivity of their resources and obtain a larger output.

Foreign trade comprises four main activities: importing, exporting, re-exporting, re-importing.

Foreign trade takes various forms such as trade in goods (conventional trade), services, patents, licenses, know-how etc.

There are several stages of foreign trade activities.

All commercial activities in foreign trade may be divided into basic ones associated with the conclusion of foreign trade contracts for the exchange of goods and auxiliary ones ensuring their successful performance (carriage of goods, their insurance, banking operations, customs and other activities).

Foreign trade activities are connected with such basic terms as visible and invisible exports and imports, net exports and imports, foreign trade turnover, trade balance and others.

Foreign trade provides the following benefits to businesses involved in such activities:

- production efficiency increase;
- multinational pliancy;
- global learning.

The young Soviet Republic started doing business with the capitalist world as early as in the 1920s. Later, the USSR was an active participant in the international division and co-operation of labour, in the process of integration within the framework of the Organisation of International Economic Co-operation (OIEC)/ former Council for Mutual Economic Assistance/.

Foreign trade between Soviet enterprises and foreign firms was carried out indirectly, through associations and firms of the USSA Ministry of Foreign Trade. In 1991 in accordance with the policy of liberalisation of foreign economic relations in the country all manufacturing enterprises were granted the right to direct participation in export-import transactions on the markets of capitalist and developing countries and to sign contracts with foreign companies directly through their own import-export departments. So by the mid-1990s, much of Russia's foreign trade even that with the former communist countries of Central Europe was conducted on the basis of market determined prices.

Currently foreign trade in Russia can successfully be carried on directly between Russian enterprises and foreign firms and indirectly through intermediaries:

- associations and firms of the Ministry of Economic Development;
- foreign agency firms;
- joint Russian-foreign companies abroad.

In modern Russia's economy conditions foreign trade is becoming an increasingly more significant trend in the country's economic activities. The country is fairly open to foreign trade. Russia is among the primary exporters of the world. The country shows a high trade surplus and this should continue

regardless of the drop in raw material prices caused by the global crisis of 2008 and the deterioration of the global economic situation. There is a considerable growth in Russia's foreign trade in the period preceding the global crisis of 2008. A favorable economic situation on the world market of mineral raw materials and recovery of the domestic economic environment exerted an exceptionally encouraging influence on the development of the foreign economic complex. Thus, annual growth rates of Russian exports principally outstripped the world export growth rates in 2000-201...

The large majority of the country's merchandise exports is made up by raw materials. The share of fuels increased from 53,8% in 2000 to more than ...% in 2014. The oil and gas export continues to be the main source of hard currency in the country. The expansion of the proportion of fuel and energy commodities in the total volume of Russian exports is primarily defined by the growth of prices for raw materials.

The extremely unfavorable factor of Russian exports includes the fact that the largest portion of them accrues to unsophisticated products. Russia's share of high-skill and technology-intensive manufactures in exports (... % in 2014) is significantly inferior to that of the BRICS countries and the world in general. It is interesting to observe the global tendencies in the world exports of manufactured goods.

The lack of diversity in Russian exports is a legacy of the Soviet period, when the central planning regime called for the production of manufactured goods for domestic consumption with little consideration for the export market. Given this priority, most of the Soviet Union's consumer goods were of low quality by the world standards.

Russia imports mostly machinery, equipment and transport vehicles (almost a half of its total imports); chemistry industry production, rubber; foodstuffs and agricultural raw materials. The commodity composition of Russian imports, like exports, is far from optimal one since it hardly contributes to modernization of the Russian economy and is of pronounced consumer nature. The imports are predominated by commodities having a high degree of processing – machines, equipment and vehicles. Such predomination is intrinsic to developed and some developing countries. However, the share of high-skill and technology-intensive manufactures in Russian imports is still relatively low (22,88% in 2012), although in the specified year, the country was ahead of South Africa (18,48%) and India (18,18%) among the BRICS countries. Whereas the worldwide index was 27,2%.

To summarize it should be noticed that the key trends in Russia's foreign trade development in 2000-2014 are limited to the following two ones: growth of quantitative indicators characterizing the foreign economic sector conditions of the country and deterioration of their qualitative characteristics. The fuels and resources specialization of Russia on the international market, acceptable for the short period of time, does not have evolution to the more developed forms, what seriously limits expansion possibilities of the country on foreign markets. A sizable bend towards the raw materials producing sector causes the country's development to be strongly dependent on world market prices for raw materials. Nevertheless,

this does not mean that Russia has no alternative to being a raw materials supplier. The country's high tech products are highly valued in the world and some do not have foreign rivals. These include developments in the sphere of military technologies and equipment, aviation, aerospace and the nuclear power industry and others.

The steady orientation of Russian foreign trade at non-CIS countries persists. The trade balance with all the groups of countries, excluding APEC has been positive. The EU has been so far Russia's biggest trading partner, accounting for about 50% of its overall trade. The main trading partners in this group include Germany, Italy and the Netherlands. The EU has been also the most important investor for Russia. It is estimated that up to 75% of foreign direct investment came there from the EU member states. The situation can change with introducing economic sanctions. The share of the countries of Asia-Pacific economic cooperation in Russia's foreign trade turnover has also increased since 2000. The main partner in this group is China. Russian trade with the so-called near abroad - the other former Soviet states - has greatly deteriorated.

Located in the centre of the European part of Russia, at the confluence of the Oka and the Volga rivers, the Nizhny Novgorod region is the most industrially developed among the neighbouring regions and republics. There is a number of factors that have favoured the intensive development of foreign economic activities of the region. Among them are a powerful industrial and a high scientific and technical potential, qualified labor resources, a dynamically developing banking system, well-developed transportation infrastructure, active activities of regional authorities associated with the development of this sphere. The principal industries of the region are the oil refining industry, ferrous-metals industry, the machine building industry, the food and food processing industry, the chemical industry.

The annual foreign trade balance of the region has been positive since 1993 except for 2008. In 2000-2014 the principal export items were the following: machinery, equipment and transport vehicles; mineral products; metals and their products; chemicals; timber, cellulose and paper goods. The commodity pattern of regional exports is more diverse than that of Russia. However the machinery, equipment and transport vehicles share of total region's exports has decreased considerably since 2005. The principal import items in 2000-2014 were the following: machinery, equipment and transport vehicles; metals and their products; chemicals; foodstuffs.

The geographical distribution of the Nizhny Novgorod region's foreign trade is diverse. The largest foreign trade partners of the region are:

- among CIS countries: the Ukraine, Belarus and Kazakhstan.
- among non CIS countries: the Netherlands, Germany, Finland, France, China, the USA.

The Nizhny Novgorod region's authorities continuously upgrade the foreign economic activities infrastructure of the region that would correspond to its status

and develop market mechanisms to benefit the regional economy. While encouraging foreign trade and investment activities, the regional authorities promote the expansion of the information field benefiting the interests of potential and active enterprises dealing on foreign markets, providing them with free access to this field, develop the legislative base regulating foreign trade and investment activities, arrange for elimination of unfair competition.

Trade in services is now an important element of world economic ties. Its volume has greatly increased recently. The major exporters and importers of services are the USA, Great Britain, Japan, Germany, France and Italy.

Trade in services refers to the sale and delivery of an intangible product, called a service, between a producer and consumer. Trade in services taking place between a producer and consumer that are, in legal terms, based in different countries, or economies, is called international trade in services.

International trade in services is defined by the four modes of supply of the General Agreement on Trade in Services (GATS):

- (Mode 1) Cross border trade, which is defined as delivery of a service from the territory of one country into the territory of other country;
- (Mode 2) Consumption abroad - this mode covers supply of a service of one country to the service consumer of any other country;
- (Mode 3) Commercial presence - which covers services provided by a service supplier of one country in the territory of any other country, and
- (Mode 4) Presence of natural persons - which covers services provided by a service supplier of one country through the presence of natural persons in the territory of any other country.

There are new services associated with the rapid development of telecommunication facilities and computer equipment and traditional ones. The latter covers transport and tourism, catering and hotel facilities, banking, finance and insurance, science, education and personnel training, trade warehousing. Modern services may be engineering-and-consulting, information-and-computer, data-processing, advertising, legal, stock exchange and intermediary, leasing, market research and quality control, after-sales and technical maintenance. Numerous modern services are also related to the export of scientific, technical and production experiences (know-how, patents and licenses). Such services as training of foreign students and the activity of international organisations on the territory of the country may bring it good earnings too, for example, these services bring the USA the world's largest revenues.

The growing diversification of services resulted in the beginning to offer entire packages of services. And to by-pass the existing restrictions in certain developed and developing countries for trade in services, American transnational corporations have been setting up their own local network of services throughout the whole world.

The East European countries' share of the world export of services was rather small - less than 10 per cent, and to improve their participation in the international division of labour it increased after reforms. They can develop

international tourism and such fields as transportation services (by providing transit shipments), engineering-and-consulting services (by stipulating them in contracts for construction work), licences, leasing, health and education services.

Prospects of the world trade in services are promising. The demand for modern services is particularly great and is still growing rapidly. Now there is much joint activity in the fields of management consulting, advertising, banking, accountancy, marketing, insurance and engineering consulting, hotel and catering industries.

Trade in services has somehow been underestimated in Russia, and their imports have not been looked upon as beneficial to the national economy. The same refers to their exports. For this reason the volume of exports of services from Russia is negligible. This can also be explained by the narrow range of these services and lack of experience in carrying out independent operations in this area on the world market.

There has been the deficit in the balance of services that reached a record high level of \$... billion.

The sectoral structure of the country's services exports shows the continued predominance of such services as transportation, travel and construction ones. Analysis of the sectoral structure of Russian foreign trade in services shows the increasing role of other business services. They include operational leasing; legal services; accounting, auditing and tax consulting services; business and management consulting and public relations services; advertising, market research, and public opinion polling, research and development services, architectural, engineering, and other technical services, agricultural, mining, and on-site processing services and others.

Services, provided to Russian nationals during their stay in foreign countries and recorded in the balance of payments as Travel, retain their dominant position in the country's services imports. Other large groups are transportation services, royalties and license fees, construction services.

The geographical structure of Russia's trade in services shows the continued predominance of operations with residents of non-CIS countries.

Border trade (also called frontier trade or coastal trade) is an important form of business relations nowadays. It is practised very often on the basis of barter or clearing transactions and it simplifies bilateral payments settlements. Therefore there is a tendency for border trade to increase both in volume and value. And the range of products exchanged constantly diversifies, too.

Border trade exists as a supplementing and diversifying factor in the mutual trade turnover of two bordering countries. Long-term contracts for border trade are very often concluded.

New methods and forms in border trade appear. Take, for instance, border relations between Russia and China. The opening of numerous border crossings along the Russian-Chinese border since the collapse of the Soviet Union has transformed the Russian Far East into an economic, national, and geopolitical

borderland. Citizens and traders in the region are invariably affected by cross-border flows of people and commodities. Commodity flows and labor migration, especially from China, have created both economic challenges and opportunities for the local population. Borders divide, but they also bring people and commodities into contact, often in a very material and corporeal form. China and Russia aim to increase their bilateral trade to \$100 billion by 2015, and to \$200 billion by 2020.

SEMINARS ACTIVITIES

UNIT 1. External Economic Relations: Basic Terms, Elements and Role in Enterprises' Activities

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What kinds of external economic relations can you name?
2. What forms of foreign trade do you know?
3. What kinds of auxiliary activities ensuring the successful performance of foreign trade transactions do you know?
4. What is a country's trade balance? What are net exports of a country?
5. Give some examples of visible and invisible exports and imports.
6. What is the role of external economic relations in enterprises' activities?

Activity 2

Find the right terms for the following definitions:

1. A country's foreign trade turnover is:
 - a. the difference between a country's visible exports and its visible imports.
 - b. the difference between a country's invisible exports and its invisible imports.
 - c. the total volume of its exports and imports.
2. A country's balance of payments is:
 - a. the total market value of all final goods and services produced annually by a country's residents, whether located in the country or abroad.
 - b. the balance between all the payments it receives from foreign countries and all the payments which it makes to them.
 - c. the difference between a country's visible exports and its visible imports.

UNIT 2. Foreign Trade of Russia: the History of Development

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. How was Russia's foreign trade organised before the reforms of 1991?
2. What reforms in foreign economic activities took place in the early 1990s?
3. What were the main purposes and results of these reforms?
4. How is foreign trade organised in Russia now?
5. What were the functions of the Ministry of Foreign Economic Relations?

6. What Ministry is in charge of supervising foreign economic relations now? Speak about its functions in this sphere.

Activity 2

Speak about the ways of organising foreign trade activities in your country and state bodies who are in charge of supervising foreign economic relations.

UNIT 3. The Dynamics and Structure of Russia's Foreign Trade

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What do you think are the main competitive advantages of Russia in foreign trade relations?
2. How can you characterise the dynamics of basic indicators of Russia's foreign trade over the last ten years period?
3. What are the main export items of Russia now? What are the principal changes that have taken place?
4. What industries of Russian economy have the highest potential in the world market?
5. What are the main import items of Russia now? What are the principal changes that have taken place?
6. Is the current commodity structure of Russia's foreign trade favourable?
7. Speak about the main foreign trade partners of Russia. What are the principal changes that have taken place since 2000? How many countries does Russia do business with?

Activity 2

Check your knowledge. Are the following statements true or false?

1. The main items of Russian exports are machinery, equipment and transport vehicles.
2. The proportion of fuel and energy commodities in the total volume of Russian exports has expanded since 1990.
3. In 2011 Russia's share of the world merchandise exports amounted to 7%.
4. Prices in the world markets of raw materials affect the dynamics of Russian exports stronger and stronger.
5. The main items of Russian imports are metals, precious stones and their products.
6. The proportion of machinery, equipment and transport vehicles in the total volume of Russian imports has reduced considerably since 1990.
7. The world financial crisis of 2008 affected negatively Russian imports and the value of imported goods reduced considerably.
8. Russia's foreign trade is orientated primarily on CIS countries.

Activity 3

1. Speak about the commodity structure of your country's foreign trade.

2. Speak about the main foreign trade partners of your country. Characterise foreign trade relations between your country and Russia.

UNIT 4. Foreign Trade of the Nizhny Novgorod Region: Dynamics, Structure, Tendencies, Perspectives

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. How does the geographic position of the Nizhny Novgorod region influence its foreign economic activities?
2. What natural resources does the Nizhny Novgorod region possess?
3. What are the principal industries of the Nizhny Novgorod region that provide a considerable part of its gross industrial product?
4. What are the most important factors that have favoured the intensive development of foreign economic relations of the Nizhny Novgorod region?
5. What are the main enterprises of the Nizhny Novgorod region? What goods do enterprises of the Nizhny Novgorod region produce? Have you visited any enterprises in the region?
6. Are there any principal changes that have taken place in the foreign trade turnover and balance of the Nizhny Novgorod region since 1993?
7. Speak about the commodity pattern of exports of the Nizhny Novgorod region over the last ten years period. What changes in the commodity pattern of exports can be considered to be favourable or unfavourable?
8. Speak about the commodity pattern of imports of the Nizhny Novgorod region over the last ten years period. What changes in the commodity pattern of imports can be considered to be favourable or unfavourable?
9. What countries of the world account for the biggest part of the Nizhny Novgorod region's foreign trade turnover?
10. What are the most significant exporters and importers of the Nizhny Novgorod region?
11. What measures have been taken by the regional authorities to promote the development of foreign economic activities of the Nizhny Novgorod region? What other measures do you think should be taken for this purpose?

Activity 2

Check your knowledge. Are the following statements true or false?

1. The processing sector provides about 10% of the Nizhny Novgorod region's GRP.
2. The powerful industrial potential places the Nizhny Novgorod region among the first in the country by the regional output.
3. The Nizhny Novgorod region is located in the center of the European part of Russia, at the confluence of the Oka and the Volga rivers.

Activity 3

Speak about the measures that have been taken by your country and its regions' authorities to promote the development of foreign economic activities. What other measures do you think should be taken for this purpose?

UNIT 5. Trade in Services

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What does the term trade in services mean?
2. How can you characterise trade in services nowadays? What countries are the most important participants in the world trade in services?
3. Give some examples of traditional services. What new services can you name?
4. Why is the demand for these services particularly great and still growing rapidly?
5. Why do different corporations offer packages of services? Give some examples.
6. Why do some of engineering companies specialise in certain services? Give some examples.
7. Why do different corporations set up their own local network of services in foreign countries? Can you give any examples?
8. What are the prospects of the world trade in services?
9. If you were a businessman what type of services would you like to offer? Why?
10. Speak about participation of developing countries in the world trade in services. Has the volume of their trade in services increased?
11. What kind of services do they mostly specialise in? Give some examples.
12. What services are the main export and import items of Russia now?
13. Is the structure of Russia's foreign trade in services favourable? Why?
14. What are the principal differences in this structure as compared with developed countries?
15. In what fields is it possible to increase Russia's share in the world export of services?
16. How can Russia promote its services sector? Give some examples.
17. What kind of services is it necessary to develop first in Russia?

Activity 2

Speak about your country's trade in services.

UNIT 6. Border Trade

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What is border trade?
2. Why are different countries interested in developing border trade?
3. What are the main border trade partners of Russia?
4. What are the main products and services that can be sold and bought in border trade?

Activity 2

Check your knowledge. Are the following statements true or false?

1. In the West, Russia's main trade partners are Poland and Finland, in the East, Japan and China.
2. There is a tendency for border trade to increase both in volume and value.

Activity 3

Speak about your country's border trade.

FOREIGN INVESTMENTS

2

Topic

ISSUES TO BE COVERED

Foreign investments concept and typology. General goals and measures of the Russian Government's investment policy. The legislative basis for foreign investment activity in Russia. The role of foreign investments in the Russian economy. The geographic structure of foreign investments. Foreign investments by types of economic activity. Investment climate of the Russian Federation. The most successful foreign companies in Russia. Investment activity in the Nizhny Novgorod region. The governmental support of investment activity in the Nizhny Novgorod region. Attracting foreign investments: international practices.

THE LEARNING OUTCOMES

On completing this Topic, you will be able to:

- understand the basic terms in the sphere of foreign investment activity;
- list the basic forms of foreign investments;
- describe the investment climate of Russia and other countries;
- show the dynamics, types, branch and geographic structure of foreign investments in Russia and the Nizhny Novgorod region;
- list the tools of government support of foreign investments;
- name peculiarities of foreign investment activity and foreign investment incentives in different countries.

LECTURE SUMMARIES

Investment is putting capital into business with the expectation of gain. Investments are divided into real and financial.

Real investments or investments in non-financial assets include the following categories:

- fixed capital investments;
- intangible investments (patents, copyrights, goodwill, etc.);
- research and development expenditures;
- investments in inventories growth;
- other non-financial assets (acquisition of land property, natural resources etc).

Investments in fixed capital play a major role in real investments and include expenditures connected with creation, reproduction and acquisition of fixed assets (new construction, extension, reconstruction and modernization of units). These investments lead to increase the original cost of objects and refer to the value added capital of organizations. Purchase of buildings, structures, machines, equipment are also included into investments in fixed capital.

Financial investments are investments of organizations in securities of other enterprises, bonds of state and local loans, in charter capital of other enterprises, established on the territory of the country or abroad as well as loans given to other organizations.

Foreign investments into the economy of Russia are regarded to all types of investments of the capital invested by foreign investors as well as by affiliated legal entities of the Russian Federation abroad in objects of entrepreneurial activity on the territory of Russia, with the aim of gaining profits.

Foreign investments are subdivided into direct, portfolio and others. Foreign direct investments (FDI) refer to investments made by legal entities or individuals entirely owning the enterprise or controlling not less than 10 percent of shares of its charter capital. FDI is investment made directly into production in a country by a company located in another country. FDI provides an increase in the transfer of skills, technologies, and job opportunities. FDI is in contrast to portfolio investment which is a passive investment in the securities of another country. Portfolio investments refer to the acquisition of shares, stocks, bonds, promissory notes and other securities. They make less than 10 percent of the total charter capital of the organization. Investments unspecified as direct or portfolio are treated as others. They contain trade credits, loans from foreign governments under the guarantees of the RF Government and loans received from international financial organisations (World Bank, International Currency Fund and European Bank of Reconstruction and Development).

Foreign investors can be:

- foreign legal persons;
- foreign citizens, including stateless persons;
- Russian citizens residing permanently abroad who are registered in their country to engage in commerce;
- foreign states;
- international organisations.

The principal legal forms that an enterprise with foreign investment can take are set out in the Civil Code. These include:

- full partnership;
- limited partnership (partnership in common);
- limited liability company;
- additional liability company;
- joint stock company (open or closed).

Foreign investment is one of the major elements of Russia's reform strategy to strengthen international economic links. Nowadays the Government of the Russian Federation devotes significant attention to foreign investments in Russia as a tool of socio-economic and innovative development of the country. Russia views foreign investments as a driver for:

- accelerating economic and technical progress;
- revamping and upgrading production facilities;
- mastering advanced production management methods;
- ensuring employment, training personnel capable of responding to the challenges of a market economy.

Russia is interested in an inflow of FDI because in this case:

- the country's external debt does not grow;
- cooperation with foreign companies provides Russian businesses with new technologies, management methods and direct access to global markets with competitive products.

A broad network of institutions established in the recent years aims at simplifying investment procedures and providing comprehensive assistance to foreign investors.

The Russian Government determined its policy for the attraction of foreign investments and set the following targets:

- increase of the volume of foreign investments;
- establishment of a favourable environment and conditions for re-investing Russian capital exported abroad;
- advancement of the country's rating as a capital recipient because of a lessening of non-commercial investment risks;
- establishment of favourable conditions for attracting foreign investments.

The government policy for attracting foreign investments involved the following actions:

- establishment of a system of guarantees, protection and insurance of foreign investments, development of a system of mortgage operations at federal and regional levels;
- development of a system of information and consultation support, of marketing investment programmes and projects, establishment of a network of overseas investment bureaux in foreign countries, formation of a data bank on investment projects and reference materials on investment conditions for foreign investors;
- development of the sphere of contract and legal basis for Russia's participation in international investment co-operation: drafting and signing agreements on encouraging and mutual protection of capital contributions, participation in preparation of the multilateral agreement on investments and etc.;
- development of investment co-operation with international financial institutions and organisations;
- working out the basis of state policy;

- further liberalisation of norms and rules for conducting transactions involving capital movement by non-residents;
- aid to regions in the attraction of investments (in working out regional investment programmes, regulatory and legal acts, investment projects, systems of guarantees and privileges based on regional sources).

Russian investment policy includes tax relieves, reduced administrative barriers, and developing private-public partnerships. The Government of the Russian Federation is planning to invest in infrastructure projects to promote investment.

Russia has witnessed a large increase in foreign investment inflows over the last few years, thanks to a growing domestic market, rich human capital, natural resources and political stability (though this has slowed with the financial crisis). Constraints on foreign business are being abolished and the regulatory environment has improved. Generally, foreign investors enjoy the same rights and guarantees as local market participants. However, several sectors remain closed to foreign investment.

Foreign direct investment incentives may take different forms, some of them are concession agreements, the Investment Fund, Russian Venture Company and special economic zones.

From the late 1920s to the late 1980s, the Soviet Government prohibited foreign investment because it would have undermined the state's decision-making prerogatives on investment, production, and consumption.

Foreign investments became possible in the former USSR in 1987 when the legislation on joint ventures was first introduced. The perestroika economic reforms of the late 1980s permitted limited foreign investment in the Soviet Union in the form of joint ventures.

The first Joint Venture Law, which went into effect in June 1987, restricted foreign ownership to 49 percent of the venture and required that Soviet administrators fill the positions of Chairman and General Manager. By 1991, however, the Soviet Government allowed foreign entities 100 percent ownership of subsidiaries in Russia. Although limited in scope, the Joint Venture Law did open the door to FDI in the Soviet Union, which provided Russia's economy wider access to Western capital, technology, and management know-how. But the overall limitations of perestroika hampered the joint venture program.

Just before the dissolution of the Soviet Union, the legislation was liberalised and a number of new laws has been adopted since that time:

- the Federal Law On Foreign Investments in the RSFSR (1991);
- the Federal Law On Oil and Gas (1995);
- the Federal Law On Production Sharing Agreements (1995);
- the Federal Law On Foreign Investments in the Russian Federation (1999);
- the Federal Law On Strategic Industries (2008).

Current regulations provide for national treatment of foreign investments; that is, foreign investors and investments are to be treated no less favourably than

domestically based investments.

The regulatory legislation for foreign investors changed dramatically since the dissolution of the Soviet Union and became far more rigorous. Currently it prohibits foreign states, international organizations and legal entities directly or indirectly controlled by foreign states or international organizations from acquiring control over Russian strategic enterprises. The Government of the Russian Federation has restricted foreign access to 39 strategic sectors of the Russian economy, including nuclear energy, natural monopolies, military and special machinery, the space industry etc.

In order to ensure an increased inflow of foreign investments, it is necessary to improve the legislation framework along the following two lines: improvement of domestic legislation in the sphere of raising foreign investments and conclusion of international treaties on the encouragement and mutual protection of capital investments.

Foreign investments still play a minor role in the total investments in the Russian economy. During the period of economic reforms foreign investments' growth rate was higher than that of internal investments. At the same time, the scale of foreign investments is incomparable with the size of Russian economy.

The total foreign investment in the non-financial sector of the Russian economy amounted to some USD ... billion in 2014. Direct investments accounted for ... % and portfolio investments made ...%. The largest share of foreign investment in the Russian economy is provided by the category of "Other" investments.

Foreign investment in Russia introduced the equal treatment principle for the foreign investors and domestic businesses. Nevertheless in all the Russian regions some preferences were introduced for foreign investors in order to attract new facilities. These privileges mostly concentrated on providing a possibility to file for exemption from some regional taxes and, thus, lower the barriers to entry. Although the introduction of investment incentives was widespread, only a few districts and regions were smart in using them to market their locations. Among such successful districts the Central and North-Western Federal Districts should be mentioned. Moscow and the Moscow region, the Tatarstan republic, the Tyumen region, the Sakhalin region and St. Petersburg have remained the most attractive regions for foreign investors in Russia.

In terms of the geographic analysis, alongside the USA, Germany, the UK and other leading economic powers, Cyprus, Gibraltar, the Virgin Islands and other specific (in terms of their ties with Russian business) countries have begun to play a more significant role as foreign investors. On the one hand, this indicates an emerging tendency towards partial repatriation to Russia of the capital that had left the country before. On the other hand, foreign investments in Russia bring with them new technologies and management methodologies.

In the course of the last few years the country's origin structure of foreign investments has changed considerably. The share of investments from companies

registered in the USA, Great Britain and Germany has gradually decreased. At the same time, the share of investments from offshore zones such as Cyprus and the Netherlands (Dutch Antilles are recorded under the Netherlands) has been growing.

Changes in the structure of foreign investments by industries are noticeable in recent years. Before 1998, the biggest part of attracted capital was invested in the financial sector and market infrastructure development. However, since 1998 the share of investments in extracting and manufacturing industries, transport and communications has increased. Now the largest share of the total investment is absorbed by financial sector (... % of all dollar investments), industrial sector (... %), wholesale and retail trade (... %). They received altogether ... % of foreign investments in 2014. Inside the industrial sector the overwhelming part of investments are assigned to the oil refining and coke firing, metallurgy.

Investment climate is the situation in which an investment is made. Investment climate is the economic, financial and other conditions in a country that affect whether individuals and businesses are willing to lend money and acquire a stake in the businesses operating there. The investment climate is a significant contributing factor in the performance of an investment.

Investment climate is affected by many factors, including: macroeconomic conditions, the political situation, government regulations, consumer confidence etc. A favorable investment climate is likely to include low inflation, falling interest rates, growing corporate earnings, political stability, and a high degree of consumer confidence. It should be noted that an investment climate may be beneficial for some investments and detrimental to others.

The relatively low inflow of foreign investments in Russia was mainly determined by the unattractive investment climate. The lack of extensive attraction of foreign investments was, in the first place, a Russian-wide problem. A high level of bureaucracy and corruption, imperfect legislation, low personal security made investment unattractive and hazardous.

Now conditions for investing foreign capital are changing, but they vary across Russia. There are objective conditions for investment attractiveness of some regions of Russia.

Among the most important institutional factors, which have a negative effect on investment in Russia is the legislative base for the investment process. The greatest problem in Russian legislation is that it is too young. Sometimes it is impossible to predict how a certain rule will work in a concrete case.

The main law infringements connected with the imperfection of the Russian laws are:

- infringement of the right to intellectual property;
- violation of minority shareholders' rights.

With the purpose of creating a favourable investment climate, a complex of measures is being undertaken. It includes the debureaucratization of the economy, which envisages the simplification of enterprises' registration, reduction of the list

of licensed activities and reduction of the number of inspections at enterprises.

At the same time there are a lot of advantages of investing in Russia:

- dynamic economic growth;
- favourable geographic position;
- vast natural resources;
- high scientific and technological potential;
- large consumer market;
- strong government support;
- attractive taxation system;
- highly skilled and well-educated human capital;
- stable social and political system.

Among the most successful foreign companies in Russia are E.ON, TNK-BP, Exxon Mobil, Shell, Boeing, Coca-Cola Co, Mitsubishi Corporation, Renault, Toyota and many others.

In 2014 \$... millions in foreign investment came to the Nizhny Novgorod region, including \$... millions direct investment. In November 2011, the Expert RA rating agency granted the Nizhny Novgorod region level 2B rating: middle potential- moderate risk and assessed the level of legal and economic risks in the Nizhny Novgorod region as one of minimal among Russian regions, the region was given one of the first places in Russia in terms of innovation potential. It ranked 59th in terms of investment risk, and 13th by investment potential. The world leading rating agency Fitch Ratings granted B long-term foreign currency rating and A (rus) rating on the national scale with a stable outlook.

The Nizhny Novgorod region is implementing the following major investment projects: World Organization of Korean Businessmen, Liebherr Nizhny Novgorod, IKEA MOS, SAVECO and others.

In 2014 the leading investors in the Nizhny Novgorod region were... These countries accounted for ... % of the total accumulated investments.

The Government of the Nizhny Novgorod region renders all possible support to investment projects. The government support is offered in diverse forms addressing investor's interests and mitigating his risks.

The principles and basic criteria of government support are stipulated by the Nizhny Novgorod regional Law On Government Support of Investment Activities in the Nizhny Novgorod Region (2004). The most popular methods of governmental investment support are tax benefits, rent exemption, loan interest refund and non-financial support.

SEMINARS ACTIVITIES

UNIT 1. Foreign Investments Concept and Typology

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What is an investment?
2. What are investments in non-financial assets?
3. What are investments in fixed capital?
4. What are the main forms of foreign investments that you know?
5. What types of enterprises-foreign investors can be established in Russia?
6. What might be a foreign investment object?
7. Who can participate in investment activity?
8. What is the difference between an investment in human capital and in other capitals?
9. What is the difference between an investor and an entrepreneur?
10. May individuals participate in foreign investment activities?
11. How can individuals participate in foreign investment activities nowadays?
12. Who is a typical foreign investor today?

Activity 2

Find the right terms for the following definitions:

1. Direct investments refer to:
 - a. investments made by legal entities or individuals entirely owning the enterprise or controlling not less than 10 percent of shares of its charter capital.
 - b. the acquisition of shares, stocks, bonds, promissory notes and other securities and make less than 10 percent of the total charter capital of the organization.
2. Investments in non-financial assets include the following categories:
 - a. securities of other enterprises, shares, stocks, bonds, promissory notes and other securities, bonds of state and local loans, investments in charter capital of other enterprises
 - b. fixed capital investments, intangible investments (objects of intellectual property: patents, author's rights, business reputation of organization, etc.), investments in the increase of inventories and other non-financial assets (expenditures on acquisition of land property, natural resources and other non-financial assets) expenditures of research and development, experimental and technological works.

Activity 3

Check your knowledge. Are the following statements true or false?

1. Investments in fixed capital include expenditures on creation, reproduction and acquisition of fixed assets (new construction, extension, reconstruction and modernization of units)
2. Foreign direct investment is in contrast to portfolio investment which is a passive investment in the securities of another country.

3. According the Foreign Investment Law foreign investment is considered as all types of material assets and intellectual property invested by foreign investors into entrepreneurial and other types of activity with the aim of deriving profit.

Activity 4

Speak about the most popular forms of foreign investment in your country.

UNIT 2. General Goals and Measures of Investment Policy. The Legislative Basis for Foreign Investment Activity in Russia

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What are the goals of the Russian Government's investment policy?
2. What are the Russian Government's investment policy tools? What measures should be taken to improve the investment climate in Russia?
3. What are concession agreements?
4. What is the role of the Investment Fund of the Russian Federation?
5. What is the role of the Russian Venture Company?
6. What are special economic zones? What are the main purposes of their creation?
7. What are the main types of special economic zones in the Russian Federation? Where are they situated?
8. When did the Soviet Union begin to attract foreign investments?
9. What were legal forms of foreign investments?
10. What was the Law On Foreign Investments of 1991 concept? And what forms of investment did it legalize?
11. What changes took place in legal investment environment in 1995?
12. What are the main ideas of the 1999 federal law about investments?
13. What are the main changes that have taken place in legal investment environment since 1999?
14. What sectors are mostly subsidized?
15. What industries are closed for foreign investments? Why?

Activity 2

Check your knowledge. Are the following statements true or false?

1. Foreign investment is one of the major elements of Russia's reform strategy to strengthen international economic links.
2. Possible tools of investment policy are tax remissions, state guarantees, reduction of land rent.
3. Special economic zones (SEZ) are territories a state bestows with special legal status and economic benefits to attract domestic and foreign investors.
4. Investment Fund of Russia is state financial fund for co-financing investment projects.

5. Under a concession agreement a party (the operator) must create and/or reconstruct real estate property determined by such agreement from its own funds, while the ownership rights to such property belong or will belong to the other party (the grantor).
6. Foreign investments were possible in the former USSR.
7. On 19 December 1995, the Federal Council approved the Federal Law on Production-Sharing Agreement, which provides for foreign investors to share output with domestic partners.
8. The Federal Law On Foreign Investments in the Russian Federation provides for the national regime and stability of foreign investors' activity, ensures the main guarantees of investors' rights to their investments and investment-generated income and profits, as well as protects the rights and interests of foreign investors in the Russian Federation territory.
9. The Ministry of Economic Development is currently running several projects aimed at providing investors with information on doing business in Russia.
10. The main sectors of investment which receive government support are agriculture, manufacturing, whole and retail trade.

Activity 3

Speak about peculiarities of investment legislation and foreign investment policy in your country and in the European Union.

Activity 3

Speak about Special Economic Zones in your country and in the world.

UNIT 3. Investment Climate

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What is investment climate?
2. What are the most important factors that influence investment climate?
3. How does investment climate influence economy?
4. How can you characterize favorable and unfavorable investment climate?
5. What are the main advantages and disadvantages of Russian investment climate that can influence investors?
6. Has Russian investment climate changed?
7. What are the main features of the Russian foreign investment regulation? What are the main infringements connected with the imperfection of the Russian laws?
8. Is geographic position of Russia favourable? Why?
9. Why does Russia have one of the most generous non-offshore tax regimes?
10. Is the Russian social and political system considered as stable? Why?

11. What foreign companies are most successful in Russia? In what industries do they operate?

Activity 2

Find the right terms for the following definition:

1. Investment climate is:
 - a. the economic and financial conditions in a country that affect whether individuals and businesses are willing to lend money and acquire a stake in the businesses operating there.
 - b. the political situation in the country.
 - c. the situation in which an investor prefers to put money into shares, stocks, bonds and other securities.

Activity 3

Check your knowledge. Are the following statements true or false?

1. Investment climate is affected by many factors, including: poverty, crime, infrastructure, workforce, national security, political instability, taxes, property rights, government regulations.
2. A unfavorable investment climate is likely to include low inflation rate, falling interest rates, growing corporate earnings, political stability.
3. With a population of over 140 million people and constantly increasing income per capita, Russia provides a large and booming internal market offering attractive growth potential.
4. Russia has one of the most highly skilled workforces in the world.
5. Russia has a personal income tax rate of 13% for residents, corporate tax rate of 24%, and VAT rate of 18%.

Activity 4

Speak about investment climate in your country and in the European Union.

Speak about the measures that have been taken by your country and its regions' authorities to improve investment climate. What other measures do you think should be taken for this purpose?

Speak about investment climate in the European Union's regions.

UNIT 4. The Dynamics, Types, Branch and Geographic Structure of Foreign Investments in Russia

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What are the advantages of foreign investors' coming?
2. What regions of Russia are attractive for foreign investors? Why do investors prefer these regions?
3. What Russian industries are attractive for foreign investors and why?
4. How has the situation with foreign investments in the country changed? How has the investment structure changed in Russia?

5. Can you name the leading countries-foreign investors in Russia? Why do these countries invest money in the Russian economy?

Activity 2

Check your knowledge. Are the following statements true or false?

1. Foreign investments still play a minor role in the total investments in the Russian economy.
2. In 2010 the leading investors in Russia were the United Kingdom, the Netherlands, Germany and Cyprus.
3. The largest share of foreign investment in the Russian economy is provided by the category of “Other” investments which contains trade credits, loans from foreign governments and loans received from international financial organisations.
4. Among such successful regions in 2011, the Central and North-West Federal Districts should be mentioned.
5. Before 1998, the biggest part of attracted capital was invested in the financial sector and market infrastructure development.
6. Since 1998 the share of investments in extracting and manufacturing industries, transport and communications has increased.
7. In 2011 the largest share of the total foreign investment was absorbed by financial sector.

Activity 3

Speak about investment activity in your country and in the European Union.

Speak about the investment structure of your country.

Speak about the main foreign investors of your country. Characterize foreign investment relations between your country and Russia.

UNIT 5. Investment Activity in the Nizhny Novgorod Region

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What are the main foreign investors in the Nizhny Novgorod region (by country and by firm)?
2. How do foreign investments influence the regional economy?
3. What are the main investment projects in the Nizhny Novgorod region?
4. What do you know about ratings of the Nizhny Novgorod region?
5. What can you say about the tendencies in the investment structure of Russia and the Nizhny Novgorod region?

Activity 2

Check your knowledge. Are the following statements true or false?

1. The Nizhny Novgorod region has a lot of priority investment projects.

2. In November 2009, the Expert RA rating agency granted “2B” the Nizhny Novgorod region: middle potential- moderate risk
3. In 2010 the leading investors in the Nizhny Novgorod Region were the Netherlands, Germany and Austria.
4. In 2010 more than 90% of foreign investment in the Nizhny Novgorod region were direct investments.

Activity 3

Speak about investment activity in your region.

UNIT 6. International Practices in Foreign Investment Sphere

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What regions of the world attract the most part of foreign investments? Why are they so attractive for investors?
2. What countries are leaders among the modern capital exporters? Why?
3. What are the main tendencies in the foreign investment activities in the world economy?
4. What are the main institutions of attracting foreign investments?
5. How does the legislation in different countries proceed the environment liberalization?
6. What kinds of financial and non-financial tools of investment policy are used in the world?
7. How are foreign investments protected in different countries?
8. What is the influence of crises on the world direct investments?

Activity 2

Look through the document “World Investment Report 2014” and be ready to discuss it.

INTERNATIONAL SCIENTIFIC AND TECHNOLOGICAL CO-OPERATION

3

Topic

ISSUES TO BE COVERED

The world tendencies in scientific and technological co-operation. Licence trade. Types of licence agreements. Know-how protection in licence transactions.

THE LEARNING OUTCOMES

On completing this Topic, you will be able to:

- explain the world tendencies in scientific and technological co-operation
- describe the history of licence trade development
- understand the basic terms in the field of scientific-technical achievements trade
- distinguish between different types of licenses and agreements in the sphere of scientific and technological co-operation
- list the ways of protecting ownership rights to inventions.

LECTURE SUMMARIES

At the beginning of the 20th century scientific and technological co-operation largely followed the aspirations of the scientists of the 19th century, who regarded the field as universal in scope. Currently international scientific and technological co-operation is one of the most relevant themes on the world scene, especially in terms of the access of the developing countries to the most sophisticated forms of human knowledge in the technological field, including advanced technologies which are the cornerstone of growth and progress in these countries.

The exchange of ideas, knowledge and experience, as well as people, is of the utmost benefit to scientists and their institutions in the countries operating in the scientific and technological field.

This co-operation is executed either within the framework of official co-operation or on the basis of private individual contacts between the respective individuals and institutions. A significant part of the co-operation relates to financial support from various grants that are established to allow foreign scholars to pursue their research or a particular study or specialisation in various fields.

Significant change has come about due to the increasingly shorter distances

among the actors operating in the scientific and technological field, since until recently the attention of research centres and government agencies was mostly focused on basic science. In the past few years the concept of “economically oriented” science and technology has become more widely known.

In the current phase of science and technology development the emphasis is focused on the following areas:

- the high tech areas
- improving those technologies that have direct social impact.

A licence agreement is the one according to which the owner of scientific and technical achievements, inventions, know-how, industrial samples, trademarks as well as scientific-technical and other knowledge associated with them (the so-called licensor) transfers the right to and/or permits his counterpart (the so-called licensee) in consideration of payment to use them within the time stipulated or for a certain period of time.

If the patent owner in consideration of payment transfers the complete ownership of the patent on the invention to another person, then it is the sale of patent on the basis of a patent agreement.

Trade in scientific-technical achievements on the basis of licence agreements appeared as far back as in the 18th century. It emerged much later than goods trade. After World War II licence trade flourished. Licence trade in the former Soviet Union started in the early sixties when a special firm called Licensintorg was set up, and it has developed intensively since that time.

International licence agreements may be classified according to their subject, the volume of rights transferred, the modes of payment and the methods of safeguarding the subject of the licence agreements.

There are several ways of know-how protection in licence transactions: separate agreements, confidentiality clauses, quality control and others.

SEMINARS ACTIVITIES

UNIT 1. The World Tendencies in Scientific and Technological Co-operation

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. Why do many countries of the world participate in scientific and technological cooperation? What are the benefits and results of such cooperation?
2. What areas of scientific and technological research are subject to the intensive international exchange? What does the term “technologies with social impact” mean? Why is it important to develop these technologies?
3. What does the term "economically oriented" science and technology mean?

Activity 2

Check your knowledge. Are the following statements true or false?

1. The results of the scientific and technological co-operation are always immediately measurable.
2. A significant part of the scientific and technological co-operation relates to financial support from various grants that are established to allow foreign scholars to pursue their research or a particular study or specialisation in various fields.
3. International scientific and technological co-operation is executed either within the framework of official co-operation or on the basis of private individual contacts between the respective individuals and institutions.

UNIT 2. Licence Trade

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What is a licence agreement?
2. What may be the subject of a licence agreement?
3. What is a patent agreement?
4. What is the principal difference between a contract of sale and a licence agreement?
2. When did licence trade emerge? Speak about the history of its development.
3. How can licence agreements be classified?
4. What is a turnkey construction?
5. How can a licensor safeguard or protect his rights to the subject of the licence agreement?
6. Why is control over the quality of the licensed product considered very important and how can it be exercised by the licensor?

Activity 2

Find the right terms for the following definitions:

1. A licence agreement is:
 - a. the one according to which the owner of scientific and technical achievements, inventions, know-how, industrial samples, trademarks as well as scientific-technical and other knowledge associated with them transfers in consideration of payment to another person the right to use them for a certain period of time with retaining the right to their ownership.
 - b. the one according to which the owner of scientific and technical achievements, inventions, know-how, industrial samples, trademarks as well as scientific-technical and other knowledge associated with them transfers in consideration of payment their complete ownership to another person, i.e. the full rights to use them.
2. A patent agreement is:
 - a. the one according to which the patent owner in consideration of payment transfers the complete ownership of the patent on the invention to another person, i.e. the full rights to use his invention.
 - b. the one according to which the patent owner in consideration of payment

permits his counterpart to use his invention within a long period of time.

3. A simple licence is:

- a. the one that gives the licensee the exclusive (monopoly) right to use the subject of the licence agreement on the conditions specified and limited geographically.
- b. the one that permits the licensee on certain conditions to use the subject of the licence agreement, retaining the right to use it himself or to transfer licences on similar conditions to any other persons (firms).

Activity 3

Check your knowledge. Are the following statements true or false?

1. Licence trade emerged much later than goods trade.
2. Trade in scientific-technical achievements on the basis of licence agreements appeared as far back as in the 17th century.
3. Licence trade in the former USSA has developed intensively since the end of the 19th century.
4. There is no difference between licence and patent agreements.

INTERNATIONAL LABOUR FORCE EXCHANGE

4 Topic

ISSUES TO BE COVERED

The nature of migration. World labour market. The U.S. migration processes. Citizenship policy. Migration processes in Russia. Simplifying migration procedures for highly qualified workers in the Russian Federation.

THE LEARNING OUTCOMES

On completing this Topic, you will be able to:

- list the basic forms of international labor force exchange (migration)
- understand theoretical approach to international labor force exchange
- describe current situation on the world labor market
- know naturalization principles
- analyze national labor markets as a part of international labor force exchange and compare them
- explain the key tendencies in the development of world labor market

LECTURE SUMMARIES

Human migration is the move of people from one place in the world to another for the purpose of taking up permanent or temporary residence, usually across political boundaries. There are such types of migration as: internal and external, emigration and immigration, population transfer, seasonal, etc.

People live in different places for different reasons, but primary, in economic view, because they are working there. Able-bodied citizens have to migrate looking for better work conditions and wages. This process forms international labour force exchange (world labour market).

Labour market as any market is characterized by demand, supply and equilibrium. It is the ideal situation, when regional labour market is balanced. Keynesian economic theory disagrees with neo-classical in the point of factors of international labour force exchange.

The dual labour market approach divides the labour market into a primary and a secondary segment.

There are three possible explanations for the demand for foreign workers in modern societies: general labour shortages, the need to fill the bottom positions in the job hierarchy, and labour shortages in the secondary segment of a dual labour market. The last explanation is also covered by the first two explanations.

Over the past decades, as developing economies industrialized and began to compete in world markets, a global labour market started taking shape. The integration of China's and India's masses into the world's labour market lifted legions out of poverty. A massive movement from "farm to factory" powered rapid growth. China's non-farm workers are seven times more productive than peasants. India's performance lagged behind China's because it struggled to move workers away from agriculture. Non-farm employment merely kept pace with the overall growth of India's labour force.

In advanced economies, demand for high-skill labour is now growing faster than supply, while demand for low-skill labour remains weak. Also the main story in advanced economies will be the rapidly ageing workforce.

In rich countries, competition from millions of new, low-skilled workers has acted as a drag on wages for less-skilled ones in advanced economies. At the same time, rich-world firms have invested heavily in new technology, raising demand for skilled workers faster than schools could increase supply. In combination, these two trends raised inequality in developed countries and strengthened the hand of capital relative to labour. Despite great efforts to improve schools and universities, workers in the emerging world are less educated than those elsewhere.

In both developing and advanced economies, policy makers will need to find ways not only to produce high-skilled workers but also to create more jobs for those who aren't as highly educated.

No country on earth is in the same league as the U.S. when it comes to the quantity of immigrants who have come here and the quality of their contributions. America needs and benefits from immigration. The honour roll of American immigration is long. Names like Alexander Hamilton, Albert Einstein, Andrew Carnegie, Madeleine Albright and Sergey Brin speak for themselves. Like all waves, the Asian influx mixes the skilled and the unskilled. But overall it resembles earlier waves of educated and already urbanized immigrants more than the desperate and often unskilled rural groups from Europe and Latin America.

Foreign-born workers were more likely than native-born workers to be employed in service occupations; production, transportation, construction and maintenance occupations. Within service occupations, about two-thirds of the foreign born were employed in food preparation and serving related occupations and in building and grounds cleaning and maintenance occupations (combined), whereas about one-half of the native-born service workers were employed in the same occupations.

Differences in earnings reflect a variety of factors, including variations in the distributions of foreign-born and native-born workers by educational attainment, occupation, industry, and geographic region. Native-born workers earn

more than the foreign born at most educational attainment levels. The gap between the earnings of foreign-born and native-born workers narrows with higher levels of education. Demographic and economic changes have created pressure for states and localities to develop training and education programs to allow workers to upgrade their skills and obtain credentials to fill jobs in high-growth sectors such as health care and information technology.

Citizenship is a legal status that means a person has a right to live in a state and that state cannot refuse entry or deport. This legal status may be conferred at birth, or, in some states, obtained through “naturalization”.

Citizenship awards certain formal, legal rights to new members of society – such as full access to public benefits, voting rights, protection from deportation, and the right to run for public office. But it also has an important symbolic function. Citizenship helps create and cement a sense of belonging to one’s adopted country, and in this way can be an important tool for immigrant integration.

Because citizenship is the most important marker of an immigrant’s full and equal membership in a national society, countries have typically set requirements deliberately high for acquiring it. Many countries see redesign of their citizenship policies and practices as a way to improve the integration of society’s newest members, the rationale being that more rigorous requirements ensure that new members of society have the tools needed to succeed. At the same time, unintended effects can arise when would-be citizens are required to clear higher hurdles as part of the naturalization process.

In amending their citizenship policies, governments strike a tricky balance between providing positive incentives for immigrants to acquire the knowledge deemed most important (such as the host-country language) and enacting punitive measures (such as withdrawing benefits) to those who fail to meet certain benchmarks.

Most countries require knowledge of host-country language, country knowledge, dual citizenship, birthright citizenship, administrative fees for ordinary naturalization, stable financial conditions through evidence of income and absence of public debts.

Generally, naturalization can have a positive effect because naturalized citizens are more likely to be hired and more likely to invest in integration (such as language learning) on their own. While citizenship may facilitate immigrants’ complete access to the host country’s labour market, other elements of integration policy – most notably employment and education policies – are arguably more central to success in society.

The concept of Russian migration policy makes clear that immigration is a positive phenomenon, which is necessary for Russia’s further development. Encouraging the immigration and integration of immigrants is intended to overcome the effects of negative demographic trends (population decline, an ageing society, the depopulation of Siberia and the Russian Far East) and the

human capital outflow from Russia (mostly of the young and well-educated), as well as to meet the needs of country's labour market.

However the largest group of foreigners is represented by unskilled labourers from the South Caucasus and Central Asia, who take low-paid jobs (janitors, construction workers, drivers, small traders) – professions that Russian citizens do not want to practice. Many of these people have been living in Russia illegally and are not protected by Russian law; they receive no social benefits, and are vulnerable to exploitation by their employers. Another phenomenon that causes tension and provokes nationalist sentiments in Russian society is that of internal migration, which primarily concerns residents of the Russian North Caucasus republics who move to the cities of European Russia in search of work. The immigrants' cultural, linguistic and religious differences and the lack of integration programs lead them to live in closed enclaves, and their behaviour – and sometimes even their mere presence – cause negative reactions among the native inhabitants.

Rationalizing migration processes in Russia is a necessary measure that will have positive effects. But sometimes it is not in the interests of the administration and migration services sector, who are profiting from controlling illegal migration procedures.

SEMINARS ACTIVITIES

UNIT 1. International Labour Force Exchange: Theoretical Aspect

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What factors of production do you know?
2. What forms of international labour market can you itemize?
3. What does migration mean and what types of migration do you know ?
4. What is the difference between emigration and immigration?
5. What reasons to migrate and their classification can you cite?
6. Do you agree that real and nominal wage are equivalent concepts? Why?
7. Can you specify essential reasons to migrate in accordance with neo-classical theory?
8. Why does Keynesian economic theory disagree with neo-classical in the point of factors of international labour force exchange?
9. What is the main idea of the dual labour market theory?
10. Can you give some examples of primary and secondary segment of the modern labour market?
11. What new factors of the international labour force exchange were detected in a modern society?

Activity 2

Find the right terms for the following definitions:

1. The act of people entering and settling in a country or region to which they are not native is:
 - a. immigration
 - b. naturalization
 - c. emigration
2. According to neo-classical economic theory, a labour flows:
 - a. from low-wage countries to high-wage countries.
 - b. from high-wage countries to high-wage countries.
 - c. from high-wage countries to low-wage countries.
3. The primary segment adequate to a dual labour market includes:
 - a. high-skilled worker
 - b. low-skilled worker
 - c. high-skilled worker and low-skilled worker

UNIT 2. World Labour Market

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. How many people are required to form a world labour market?
2. Does the process of urbanization help to increase labour force productivity in advanced countries?
3. Can you specify the problems of the modern world labour market?
4. Do you know any ways to solve them?
5. How to make world labour market more balanced?

Activity 2

Speak about dynamics of world labor market.

UNIT 3. The US Involvement in International Labour Force Exchange

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. Can you describe the role of immigrants in the US economy?
2. How does the US employment rate vary?
3. How are the immigrants shared by geography?
4. In what spheres do the majority of foreign-born workmen work?
5. Are there any differences in the levels of income of foreigners and natives, if their proficiency is the same?

Activity 2

Check your knowledge. Are the following statements true or false?

1. Foreign-born workers in the US were more likely than native-born workers to be employed in service occupations; production, transportation, construction and maintenance occupations.

2. The UK is in the same league as the US when it comes to the quantity of immigrants who have come here and the quality of their contributions.

Activity 3

Speak about involvement of your country in international labour market.
Speak about quality of a labor in your country.

UNIT 4. Citizenship Policy

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What is citizenship?
2. Can you specify all advantages and disadvantages of high requirements to achieve citizenship?
3. Does it help people to work better if they obtain citizenship? Can you prove your point of view?
4. The analysis of financial independence of candidates, is it a lenient condition of naturalization? Can you give examples of lenient conditions?
5. Do employers tend to hire foreigners and why?

Activity 2

Check your knowledge. Are the following statements true or false?

1. Citizenship is an illegal status that means persons have a right to live in a state and that state cannot refuse them entry or deport them.
2. There is thus a trade off between imbuing the naturalization process with meaning by asking applicants to show evidence of their commitment to their country of settlement and erecting barriers that are so high that would-be citizens are turned away.
3. All countries also require that applicants for citizenship demonstrate stable financial conditions through evidence of income and absence of public debts.
4. Generally, naturalization can have a positive effect because naturalized citizens are more likely to be hired and more likely to invest in integration (such as language learning) on their own.
5. Employers may also opt for citizens to avoid administrative costs (having to verify work authorization for noncitizens). And some jobs, usually in the public sector, explicitly require citizenship status.
6. While citizenship may facilitate immigrants' complete access to the host country's labour market, other elements of integration policy — most notably employment and education policies — are arguably more central to success in society.
7. In an era of unprecedented diversity in which citizenship policy can't play a crucial role in promoting social cohesion, countries are increasingly rethinking what they can reasonably ask and expect from newcomers, and what is gained from each requirement.

Activity 3

Speak about naturalization condition in your country. Can you tell that migration policy of your country is loyal? Prove your point of reference.

UNIT 5. Russia and International Migration

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. Is it necessary to stimulate migration processes for developing Russian economy? Can you vindicate your position?
2. Why does Russia attract foreign workers?
3. What Russian regions are demanded by immigrants?
4. Why does illegal migration become crucial problem of Russian labour market?
5. What are the steps of Russian government for the purpose to increase attractiveness of the state for immigrants? What level of qualification is preferable for immigrants?

Activity 2

Check your knowledge. Are the following statements true or false?

1. Over the next five years the economically active population in Russia will increase by about one million a year.
2. The Government plan in migration main stated aim is to increase Russia's population and stimulate the country's economic development.
3. Russia is the main destination of migration within the UN.
4. Illegal immigration doubles total immigration level.
5. Moscow's government is decreasing quotas for work permits.
6. The quantity of immigrants is the highest in the Central Federal District.
7. Russian authorities and employers are considering the possibility of organizing labour migration from the Philippines.

THE WORLD TRADE ORGANISATION (WTO). INTERNATIONAL FINANCIAL ORGANISATIONS

5

Topic

ISSUES TO BE COVERED

International trade institutes evolution. The nature of the WTO. The WTO principles. The WTO legal framework. WTO joining procedure. The WTO advantages and disadvantages for developing economies. Groups and alliances in the WTO. Russia and the WTO. The International Monetary Fund. The World Bank Group.

THE LEARNING OUTCOMES

On completing this Topic, you will be able to:

- describe the history of the WTO creation
- name fundamental principles of the WTO trading system
- understand the procedure of joining the WTO
- know peculiarities of Russia's accession to the WTO
- show advantages and disadvantages of membership in the WTO trading system
- explain the role of world financial organizations in the world economy

LECTURE SUMMARIES

There are many ways of looking at the WTO. It's an organisation for liberalising trade. It's a forum for governments to negotiate trade agreements and a place for them to settle trade disputes. It can be also considered as a system of trade rules.

Most nations — including almost all trading nations — are members of the system. But some are not, so the term multilateral is used to describe the system instead of global or world.

The WTO began life on 1 January 1995, but its trading system is half a century older. Since 1948, the General Agreement on Tariffs and Trade (GATT) had provided the rules for the system. The WTO replaced GATT as an international organisation, but the General Agreement still exists as the WTO's umbrella treaty for trade in goods, updated as a result of the Uruguay Round

negotiations.

Whereas GATT mainly dealt with trade in goods, the WTO and its agreements now cover trade in services, inventions, creations and designs (intellectual property).

The WTO agreements are lengthy and complex because they are legal texts covering a wide range of activities. However a number of simple, fundamental principles run throughout all of these documents. These principles are the foundation of the multilateral trading system.

The trading system should be: without discrimination; freer; predictable; more competitive; more beneficial for less developed countries.

The WTO agreements are often called the WTO's trade rules. In fact, the agreements fall into a simple structure with six main parts: an umbrella agreement (the agreement establishing the WTO); agreements for each of the three broad areas of trade that the WTO covers (goods, services and intellectual property); dispute settlement; and reviews of governments' trade policies.

The market access schedules are not simply announcements of tariff rates. They represent commitments not to increase tariffs above the listed rates "Bound" tariffs are duty rates that are committed in the WTO and are difficult to raise. Countries can break a commitment (i.e. raise a tariff above the bound rate), but only with difficulty. To do so they have to negotiate with the countries most concerned and that could result in compensation for trading partners' loss of trade.

Countries negotiating membership are WTO "observers". Any state or customs territory having full autonomy in the conduct of its trade policies may join the WTO, but WTO members must agree on the terms. Broadly speaking the application goes through four stages:

- First, "tell us about yourself"
- Second, "work out with us individually what you have to offer"
- Third, "let's draft membership terms"
- Finally, "the decision".

The WTO agreements provide numerous opportunities for developing countries to make gains. However they face a number of problems in implementing the present agreements.

Increasingly, countries are getting together to form groups and alliances in the WTO. This is partly the natural result of economic integration — more customs unions, free trade areas and common markets are being set up around the world. It is also seen as a means for smaller countries to increase their bargaining power in negotiations with their larger trading partners. Sometimes when groups of countries adopt common positions consensus can be reached more easily. Sometimes the groups are specifically created to compromise and break a deadlock

rather than to stick to a common position. But there are no hard and fast rules about the impact of groupings in the WTO.

The largest and most comprehensive group is the European Union.

In 2012 Russia finally joined the WTO after 18 years of negotiations.

Accession to the WTO may bring a lot of benefits for the country. These benefits include greater access to world markets for Russian products, attraction of foreign investment, and more job opportunities for citizens. The WTO requires absolute transparency and constant promotion of competition within the new country member, both of which are essential for Russia's further development. So it may bring greater certainty and stability to business operators and trading partners. It may cement the integration of the country into the global economy, strengthen and open new trade opportunities. It is a contribution to the rule of trade law. Russia's membership in the WTO adds additional protection for foreign investors which will ultimately lead to their increased interest.

Nevertheless the terms for joining are not necessarily favourable for Russia. The country must lower its import duties, limit its export duties and grant greater access to European companies. It will also introduce a host of other measures to bring it into line with WTO trading procedures.

From the date of accession, the Russian Federation has committed to fully apply all WTO provisions, with recourse to vary few transitional periods.

Moreover, certain industry interest groups, such as the agriculture sector and automobile manufacturers, were against Russia's membership in the WTO because they argued that free trade would create additional competition and negatively affect their domestic production and they were actively lobbying their position in the government. Those industries also benefit from national protectionism which is likely to be eliminated with the WTO membership in favor of international fair trade.

Thus, there are various points of views on whether Russia's accession to the WTO is beneficial for the country or not. And every party has a right to defend its own position through all ways that are legal.

The IMF is a specialized agency of the United Nations that works to foster global growth and economic stability. It provides policy advice and financing to members in economic difficulties and also works with developing nations to help them achieve macroeconomic stability and reduce poverty. The IMF oversees the international monetary system and monitors the financial and economic policies of its members.

The IMF works with other international organizations to promote growth and poverty reduction.

The World Bank is a vital source of financial and technical assistance to developing countries around the world. It comprises several institutions managed by 188 member countries. Among them are the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).

SEMINARS ACTIVITIES

UNIT 1. The Nature and Basic Principles of the WTO

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What is the World Trade Organisation? Speak about different ways of looking at the WTO.
2. How many members does the WTO include now? What are the gains that a country can make by joining the WTO? What does a country have to do in return?
3. When was the WTO created? Were there any prerequisites for its creation? What is the principal difference between the WTO and the GATT systems?
4. Name fundamental principles of the WTO trading system.
5. Are there any exceptions that are allowed in accordance with the WTO trade policy? Give some examples.

Activity 2

Check your knowledge. Are the following statements true or false?

1. The WTO can be considered as a set of rules because at its heart there are the WTO agreements, negotiated and signed by the bulk of the world's trading nations.
2. The World Trade Organization is an organization for liberalizing trade.
3. All nations are members of the World Trade Organization.
4. The WTO began life in 1848.
5. The WTO agreements cover goods, services and intellectual property.

UNIT 2. The WTO Agreements and the Accession Process

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What are the WTO agreements? In what way can they be grouped?
2. What are the "bound" tariff rates in the WTO trading system? Is it possible for any member country to raise a tariff above the bound rate committed?
3. What is the percentage of imports with "bound" tariff rates now (for developed, developing countries as well as economies in transition)? Has the number of "bound" tariffs increased?
4. What does the term a WTO "observer" mean?
5. How many stages does the process of joining the WTO include? Describe this procedure.

Activity 2

Check your knowledge. Are the following statements true or false?

1. All members joined the system as a result of negotiations and therefore membership means a balance of rights and obligations.
2. Countries negotiating membership are WTO “observers”.
3. The government applying for membership has to describe all aspects of its trade and economic policies.
4. The country’s own parliament or legislature has to ratify the agreement before the WTO membership is complete.

Activity 3

Speak about the process of your country’s accession to the WTO.

UNIT 3. Groupings and Alliances in the WTO. Participation of Developing Countries in the System

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What is the largest group of countries created within the WTO? How many countries does it consist of?
2. What other alliances are formed in the WTO?
3. Do the groupings and alliances have any privileges or advantages?
4. What are the advantages for developing countries in the WTO trading system?
5. Are there any problems developing countries face in the WTO trading system?
6. What does the term “Quadrilaterals” mean? What is the role of the Quad in the WTO?

Activity 2

Check your knowledge. Are the following statements true or false?

1. The WTO agreements provide numerous opportunities for developing countries to make gains.
2. The largest and most comprehensive group in the WTO is the European Union.
3. The North American Free Trade Agreement (NAFTA) is presented by Canada, the USA and Mexico.

UNIT 4. Russia and the WTO

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What are advantages and disadvantages for producers of Russia’s membership in the WTO? What are the main liabilities of Russia when entering the WTO?
2. Will the volume of Russian exports increase when entering the WTO?
3. What are the main problems Russian economy faces with Russia’s joining the WTO? What sectors of the national economy are under threat when entering the WTO?
4. What industries of Russian economy have the highest potential in the world market?

5. What industries are not competitive in the world market?
6. What are effects of Russia's joining the WTO system on local consumers?

Activity 2

Check your knowledge. Are the following statements true or false?

1. Russia became a member of the WTO in 1995.
2. Russian industries that can have serious problems while entering the WTO are automobile, light industry and agriculture.
3. Russian membership in the WTO can give a lot of advantages to local producers.

Activity 3

Speak about the advantages and disadvantages of your country's membership in the WTO.

UNIT 5. World Financial Organizations

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What is the role of the International Monetary Fund?
2. When was it established?
3. How many countries are members of the International Monetary Fund?
4. What is the World Bank?
5. What is its structure?
6. What is the difference between functions of the International Monetary Fund and the World Bank?
7. What is the International Bank for Reconstruction and Development responsible for?
8. In what countries does it operate?
9. What is the role of the International Association of Development?
10. What is the role and responsibilities of the International Finance Corporation?
11. Describe the activities of the Multilateral Investment Guarantee Agency and International Center for Settlement of Investment Dispute.

Activity 2

Check your knowledge. Are the following statements true or false?

1. The IMF works to foster global growth and economic stability and provides policy advice and financing to members in economic difficulties and also works with developing nations to help them achieve macroeconomic stability and reduce poverty.
2. The IMF works with other international organizations to promote growth and poverty reduction.
3. The IMF provides loans to countries that have trouble meeting their international payments and cannot otherwise find sufficient financing on affordable terms.

4. The World Bank is not a bank in the ordinary sense but a unique partnership to reduce poverty and support development.
5. The World Bank provides low-interest loans, interest-free credits and grants to developing countries.

Activity 3

Characterize relations between your country and the world financial organizations.

TARIFF AND NON-TARIFF MEASURES OF EXTERNAL ECONOMIC ACTIVITIES REGULATION

6

Topic

ISSUES TO BE COVERED

Tariff measures of foreign trade activities regulation. Customs regulations for individuals. Non-tariff measures of foreign trade activities regulation.

THE LEARNING OUTCOMES

On completing this Topic, you will be able to:

- list different types of foreign trade policy measures taken by governments and explain trade effects of these measures;
- distinguish between different types of customs duties charged in Russia;
- name peculiarities of customs regulations for individuals in Russia

LECTURE SUMMARIES

State supervision of export-import operations is exercised by all industrial nations. It is based on international trade rules and principles established in international trade practice. It aims at protecting the interests of local producers and consumers, preventing unjustified competition, complying with national trade policy.

Lowering trade barriers is one of the most obvious means of encouraging trade. The barriers concerned include customs duties, tariffs and other (non-tariff) measures such as import bans and quotas, that restrict quantities selectively, licensing, technical barriers and industrial standards, testing and certification procedures, anti-dumping actions. From time to time other issues such as red tape and exchange rate policies are also used in different countries of the world.

Customs duties and customs tariffs are levied on goods that are conveyed across the customs border of the Russian Federation and are defined by Russian legislation. A customs tariff is a list of customs duties systemised in accordance with the nomenclature of goods and charged in accordance with the legislation of a country.

Export customs duties are established for a significantly smaller number of goods than for imported goods. These include mainly oil and oil products, gas,

wood, non-ferrous metals and products manufactured with them. Export duty rates are lower on average than import duty rates.

Rates of customs duties are determined by the Government of the Russian Federation. The following rates of duties are applied in Russia:

- ad valorem, charged in percentage to customs value of the taxed goods;
- specific, charged at the fixed rate for unit of the taxed goods;
- combined, using both types of the above mentioned customs duties.

In addition to customs duties the following customs payments are made while importing goods to the customs territory of the Russian Federation: value-added tax; excise duty; charges to cover the customs fees.

With respect to customs duties tariff preferences can be established. General system of preferences supposes the division of all the countries, participating in that system, into three groups: the least-developed, developing and those, that have the regime of the Most Favoured Nation (MFN). Depending on the group of the country there is the reduction of import duty rate.

Goods that are not intended for use in production or commercial activities may be brought into Russia without duty if their total cost does not exceed ... USD and they weigh no more than ... kg. Russian citizens who have spent more than six months abroad may bring up to ... USD worth of goods duty-free into Russia.

Residents and non-residents may export foreign currency in an amount up to ... USD without declaring it and submitting documents supporting that the currency has been either transferred or imported into the Russian Federation or withdrawn from a currency account or purchased from an authorised bank in the Russian Federation.

When exporting foreign currency in the amount that exceeding ... USD, foreign currency must be declared in writing.

Non-tariff measures are the tools of administrative regulation of foreign trade activities.

Licensing is the permission for importing, exporting or transiting the goods, free removal of which across the customs border of the country is not permitted. License (export or import) is the sanction issued by the competent state body for performing foreign trade operations.

Quoting is the implementation of quantity and value restrictions for imports and exports of goods during a certain period on certain kinds of goods, countries and groups of countries.

A country may restrict imports of products temporarily (take “safeguard” actions) if its domestic industry is injured or threatened with injury caused by a surge in imports. Here, the injury has to be serious. Safeguard measures were always available under GATT. However, they can be infrequently used, some governments preferring to protect their domestic industries through “grey area” measures persuade exporting countries to restrain exports “voluntarily” or to agree to other means of sharing markets. The WTO prohibits “grey-area” measures, and it sets time limits (a “sunset clause”) on all safeguard actions.

There are other non-tariff measures that can be used by governments.

SEMINARS ACTIVITIES

UNIT 1. Tariff Measures of Foreign Trade Activities Regulation

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What types of foreign trade policy measures do you know? What are trade effects of these measures? Why do governments pose different impediments to the free flow of trade?
2. What is a customs duty? What is a customs tariff? What is the difference between the customs duty and the customs tariff?
3. What types of customs duties are charged in Russia?
4. Describe the procedure of calculating the import duty for the goods taxed with the customs duty at the combined rate.
5. What is a goods customs value?
6. What kinds of goods are subject to export customs duties in accordance with Russian legislation? Why?
7. What currency are customs duties paid in?
8. What import and export duty rates are established in Russia now?
9. What categories of goods are subject to complete or partial exemption from customs duties in Russia? Give some examples.
10. What kinds of customs payments are made by importers in addition to customs duties according to Russian legislation?
11. What is the General system of tariffs and preferences?
12. In what way is this system applied in Russia?
13. What are peculiarities of customs regulations for individuals in Russia?

Activity 2

Find the right terms for the following definitions:

A customs tariff is:

- a. a list of goods that are subject to import or export customs duties.
- b. a list of customs duties systemised in accordance with the nomenclature of goods and charged in accordance with the legislation of a country.

2. Customs value is:

- a. the principal method used by Russian Customs to determine the value of a shipment that includes the stated price of the particular goods plus any applicable shipping and handling fees included in the price of the shipment (calculated as CIF - cost, insurance, freight)
- b. the principal method used by Russian Customs to determine the value of a shipment that is calculated as FOB (free on board).

Activity 3

Check your knowledge. Are the following statements true or false?

1. State regulation of export-import operations aims at protecting the interests of local producers and consumers, preventing unjustified competition, complying with national trade policy.
2. Customs duties are levied on goods that convey across the customs border of a country and defined by its legislation.
3. In Russia rates of customs duties are determined by the President of the Russian Federation.

Activity 4

Speak about peculiarities of customs regulations for individuals in our country.

UNIT 2. Non-Tariff Measures of Foreign Trade Activities Regulation

Activity 1

Listen attentively to the lecturer and answer the following questions:

1. What is licensing? What state bodies of the Russian Federation are authorised to give licences to foreign trade activities participants?
2. What goods are subject to licensing in foreign trade operations according to Russian legislation?
3. What is quoting? Give some examples of quoted goods in Russia.
4. What are safeguard actions? Give some examples. Are they encouraged in the WTO trading system?
5. What is an absolute increase in imports? What is a relative increase in imports?

Activity 2

Find the right terms for the following definitions:

1. A dumping product is:
 - a. the one exported at a price higher than the price normally charged on the home market.
 - b. the one exported at a price lower than the price normally charged on the home market.
2. Non-tariff measures are:
 - a. the tools of administrative regulation of foreign trade activities.
 - b. trade barriers such as customs duties that are applied by all industrial nations.

Activity 3

Check your knowledge. Are the following statements true or false?

1. Non-tariff measures of foreign trade activities regulation include import bans, quoting, licensing, technical barriers and industrial standards, testing and certification procedures, anti-dumping actions.
2. In Russia licensing has been practised in foreign trade activities regulation since 2000.
3. The WTO encourages non-tariff measures of foreign trade activities regulation.

Activity 4

Speak about non-tariff measures practised in your country.

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ВНЕШНЕЭКОНОМИЧЕСКАЯ ДЕЯТЕЛЬНОСТЬ

Учебно-методическое пособие,

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образовательное учреждение высшего образования
«Национальный исследовательский Нижегородский
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