Improving Mechanisms to Manage Foreign Trade Activity of Regional Industrial Complexes in the Context of International Limitations

V. V. Bezpalov[1]

 Abstract:

The article defined modern terms and conditions of the foreign economic activity of the state, its role in ensuring national security and sovereignty of the country. Based on analyzing the notion of the economic sovereignty, the ways to be used when forming the mechanism on managing the foreign trade activity were determined.

Considering institutional limitations and standards, such mechanism must include technologies on diagnosing, estimating and forecasting processes of foreign trade, organization and regulation, as well as monitoring and control in this area. The global criterion on managing processes of the foreign trade (economic sovereignty of the country) and indicators of estimating its efficiency were considered.

The conceptual and economic and mathematic model to manage the foreign trade activity for implementing nationally and regionally was introduced. Based on the required and sufficient terms and conditions that were formulated, the formulae to calculate them, as well as statistical data, such as foreign trade, export and import trade structure, calculations were determined to define the economic sovereignty of Russia, as well as regional industrial complexes according to the results of the previous years.

The conclusions that were made allowed the author to offer a complex of measures on improving economic security and sovereignty of the country.

Keywords: *foreign trade activity, economic sovereignty of the country, global criterion, regional industrial complex, export, import, trade structure, national security.*

JEL Classification: *F10, F13.*

[1]*Plekhanov Russian University of Economics, Moscow, Russian Federation, e-mail:* valerib1@yandex.ru

Improving Mechanisms to Manage Foreign Trade Activity of Regional Industrial Complexes in the Context of International Limitations

320

1. Introduction

Speaking about the system of managing the foreign trade activity, it is necessary to note that first it must be based on principles of forming the ethical economy. The latter makes it possible to provide the system of social justice where the goal to earn profit by purchasing and selling goods must be focused on strengthening trust that in the near future will allow providing the maintenance of long-term mutually advantageous trading relations between partners and cause the achievement of positive foreign political relations among the countries of the world.

However, the system of managing the foreign trade in industrial areas at the modern stage must comply with several requirements that must include the ones set to the sectoral, innovational, investment, regional, regional and foreign economic policy containing new approaches to forming foreign trading and industrial policy of the state in the context of limitations.

Based on the foreign trading and industrial policy, the country and regional government has the task to form (as applied to the institutional block) formal and non-formal institutional limitations and standards that would allow the compromise between protectionism and openness of economy by complying principles of foreign just (ethical) trade that contributes to maintaining long-term mutually advantageous business, trade relations between countries.

It is important to note that the system of managing the foreign trade activity must be based on determining the balance between protection measures and forming conditions for the economy openness by efficient use of economic, financial, legal, political and organizational and management methods and mechanisms, as well as modern marketing and informational technologies. At the same time, the mechanism on managing the foreign trade activity, considering institutional limitations and standards, must include technologies on diagnosing, estimating and forecasting processes of the foreign trade, organization, and regulation, and monitoring and control over this area.

The currently used mechanism has a considerable disadvantage. It is not related to implementing criteria of efficient and harmonized functioning. As a result, to estimate processes of the foreign trade activity, a number of traditional indicators are applied. They are dynamics of foreign trading turnover, level of the foreign trading balance between export and import of the country in monetary terms where the excess of import over the export indicators says about the negative balance (Table 1).

Table 1. *Foreign Trade (in actual prices, bln. USD).*

2013			2014			2015		
With far abroad countries	With CIS countries		With far abroad countries	With CIS countries		With far abroad countries	With CIS countries	

export	import	export	import	export	import	export	import	export	import	export	import	
452,036	276,310	73,940	38,988	433,173	253,776	64,186	33,287	298,524	161,681	45,018	21,037	Russian Federation
218,273.9	170,017.1	37,871.6	22,938.5	221,053.3	154,218.6	34,299.3	19,599.5	147,841.1	97,495.4	21,034.8	11,302.1	Central Federal District
45,456.0	54,394.9	6,838.1	2,727.6	51,081.8	51,939.1	4,668.5	2,591.9	35,933.0	32,196.0	3,764.7	1,812.8	North-Western Federal District
15,141.0	9,096.7	4,075.9	3,175.3	17,177.4	8,623.7	3,038.1	2,423.9	11,247.1	6,075.9	2,335.2	1,403.3	Southern Federal District
810.3	1,660.3	469.5	527.6	797.1	1,598.7	489.3	479.1	692.6	767.4	415.8	305.4	North-Caucasian Federal District
56,341.1	15,124.3	12,497.9	3,826.3	52,847.7	14,508.4	10,879.8	3,131.6	33,262.7	9,387.3	8,781.3	2,010.6	Privolzhskiy Federal District
56,422.9	7,325.0	7,536.1	3,092.5	31,942.9	6,552.1	5,792.6	2,132.0	23,081.1	5,342.7	4,201.1	1,743.8	Uralskiy Federal District
31,599.8	6,701.5	4,451.4	2,572.7	30,373.1	5,847.6	4,597.3	2,225.3	26,006.8	4,634.6	4,214.6	2,220.5	Siberian Federal District
27,991.3	11,989.7	196.2	115.3	28,483.3	10,436.2	198.0	216.9	20,401.0	5,702.6	232.4	180.2	Far Eastern Federal District
				92.9	139.2	21.0	5.1	59.0	79.6	38.4	58.7	*Crimean Federal District*

Source: *Russian Regions. Social and Economic Indicators - 2016.*

Analyzing the indicators of export and import of regional industrial complexes by federal districts for the period of 2013-2015, it is possible to notice a decrease in export and import both with far abroad countries and CIS countries. Besides, the decrease is not proportional, which creates negative balance of foreign trade.

Basic problems, above all, include the events that took place in Ukraine and pertinent limitations introduced due to them in relation to the Russian economy. Besides, the implemented programs and projects on the import substitution policy have not yet achieved considerable results. Inefficient system of managing foreign trade activity based on old management models (that use indicators of estimating the efficiency of foreign trade and other (supportive) indicators that make up a basis for the above indicators), as well as numerous indicators related to the efficiency of processes of foreign activity, mainly acting as internal indicators of the system and mechanism of foreign trade, are applied (Burov, 2003; Polyakova *et al.,* 2017; Surzhikov *et al.,* 2017).

Under the current conditions indicators based on global criteria that must define the level of the impact of foreign trade on the development of the country economy become the most important ones for estimating the foreign trade activity.

Improving Mechanisms to Manage Foreign Trade Activity of Regional Industrial Complexes in the Context of International Limitations

322

Considering the specificity of the foreign trade activity that has both positive and negative impact on the development of the national economy, the author offers to choose the indicator of the country's economic sovereignty as one of such indicators.

Today the notion "sovereignty" is not clear although it is used in all countries of the world. For a long time, researchers have considered the problematics of sovereignty exceptionally in terms of law. It has been interpreted in the context of an opportunity of the state as an institute to influence economic, political, and social processes on its own territory limited by a certain area. According to researchers, the sovereignty is the primacy of the state on its territory and independence in terms of international relations. At the same time the economic sovereignty is one of the main principles of the international law. It is the independence of the state in fulfilling sovereign economic prerogatives in relations with other members of the global economy (Russian regions. Social and economic indicators 2016; Fowler and Bunck, 1995; Krasner, 1999; Kreijen, 2002; Manuylenko *et al.,* 2017).

It is possible to say that the economic sovereignty of the country is a combination of the state opportunities on taking individual decisions on the issues related to the country's economy development. Only a sovereign state can protect its national and economic interests, as well as interests of citizens in the country and abroad. It can be an efficient intermediary between the global and national economies. It can create and extend favorable conditions related to improving the country's economy competitiveness worldwide (Ershov, 2005; Farhutdinov, 2008). Besides, the economic sovereignty is related to the state independence in implementing sovereign prerogatives, mainly economic, when interrelating with other countries (Blischenko and Doriya, 2000; Burmistrov, 2006).

Mau (2006) states that the problem of providing economic basics for the sovereignty has a complicated nature. The sovereignty is important when the state can provide the required economic welfare, as well as when it can form a competitive environment in the economic system of the country by a high tempo of the industrial production growth, which assures convergence (narrowing of the gap) with the developed world economies. Supporting the processes of foreign trading expansion, export of goods, services and capital are the essential conditions for providing and guaranteeing the national sovereignty of the country (Serebryakova *et al.,* 2016).

It is important to note that the establishment of trade communications as applied to some countries where the level of sustainability between countries is provided above all by administrative and political aspects, and in some cases by force, most often causes economic sovereignty for foreign trade partners of a certain country. As a result, it is possible to say with confidence that under the modern conditions it is important to develop and implement the conceptual model of the adaptive system on managing the foreign trade activity for the industrial complex of regions and the country. This model would provide the balanced use of mechanisms and layers

of the efficient integration of the country in the global economy and simultaneously keep the priorities that comply with the national interests (Figure 1).

Figure 1. *Conceptual Model of the System to Manage Foreign Trade Activity in the Regional Industrial Complex.*
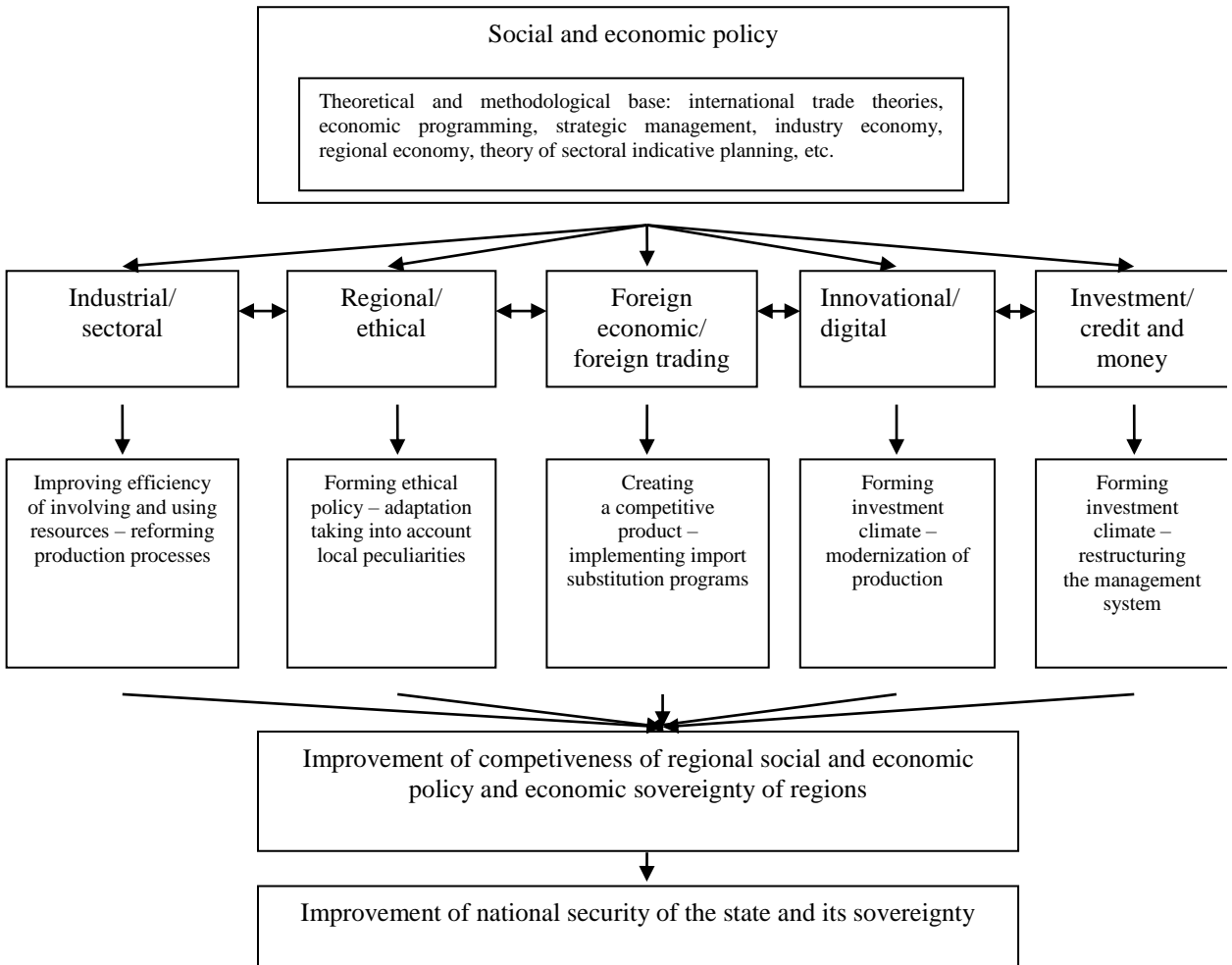
The choice of economic sovereignty for Russia as a global criterion on managing processes of foreign trade of the country entirely complies with the main provisions of the Federal Law "On Basics of State Regulation of Foreign Trade Activity Processes". In the above law Article 13 notes that the state regulation of processes of the foreign trade activity is related to implementing the goal on providing favorable conditions for foreign trade activity and protecting political and economic interests of Russia. In addition, Article 4 defines such basic principles of state regulation of processes on foreign trade activity as protection of state rights, legal interests of most members of the foreign trade, rights, legal interests of domestic

Improving Mechanisms to Manage Foreign Trade Activity of Regional Industrial
Complexes in the Context of International Limitations

324

producers, consumers of various goods and services (Federal law No. 164-FZ, 2003).

Thus, the conducted analysis of criteria on functioning and developing processes of the foreign trade allows stating that to the greatest degree the notion *economic sovereignty* as the country's opportunity to act as an independent economic agent on the global markets suits for selecting it as a global criterion of state regulation of foreign trade processes, especially as applied to the industrial complex of the country and its regions.

2. Methodology

In addition to the global criterion applied to the mechanism of managing the foreign trade processes, certain indicators that show the quantitative relationships of the conditions for achieving and increasing the level of the Russian economic sovereignty are also important.

We offer to consider the foreign trade result of achieving economic sovereignty as an economic and mathematical model that includes a system of necessary and sufficient conditions for the economic sovereignty growth:

a) Exceeding the positive rate for the growth of industrial exports E^t_i with reference to the total exports E^t for the t-th year, if compared with (t-1) -m y, over a possible positive rate for the growth of industrial imports I^t_i with reference to the total imports I^t for the t-th year, if compared with (t-1) -m y, as a development indicator for the country's complex of industries and high level of its export-orientedness:

$$[(E^t_i / E^t) - (E^{t-1}_i / E^{t-1})] > [(I^t_i / I^t) - (I^{t-1}_i / I^{t-1})],$$
$$\text{where } [(E^t_i / E^t) - (E^{t-1}_i / E^{t-1})] > 0$$

b) Dominance of decreasing exports of all mineral raw materials (E^t_r) with reference to the total exports E^t for the t-th year, if compared with (t-1) -m y, which should be considered as reducing the commodity orientation indicator for the country's exports and its economic sovereignty growth.

$$(E^t_r / E^t) < (E^{t-1}_r / E^{t-1})$$

c) Dominance of growth rates for the country's foreign trade turnover ($E^t + I^t$) for the t-th year, if compared with (t-1) -m y, which acts as an important development indicator for the foreign trade and increasing the national economic openness.

$$(E^t + I^t) > (E^{t-1} + I^{t-1}),$$
$$\text{where } (E^t + I^t) > 0$$

d) Rational import substitution, limiting the rate of growth (decrease) in the imports in foreign trade turnover, the import of industrial products and mineral raw materials and unacceptable decline in the country's economic sovereignty.

$$I^{un} < \{[I^t / (E^t + I^t)] - [I^{t-1} / (E^{t-1} + I^{t-1})]\} < I^{un}$$
$$I_i^{un} < [(I^t_i / I^t) - (I^{t-1}_i / I^{t-1})] < I_i^{un}$$
$$I_r^{un} < [(I^t_r / I^t) - (I^{t-1}_r / I^{t-1})] < I_r^{un}$$

where I_i^{un}, I_i^{un}, I_r^{un}, I_r^{un} respectively are the lower and upper limits of the decline in import of industrial products and mineral raw materials.

Thus, the purpose of this study is to determine the economic sovereignty of Russia, as well as its regional industrial complexes based on calculations performed in accordance with the formulated necessary and sufficient conditions for the economic sovereignty growth.

3. Results

Whereas Rosstat (Federal State Statistics Service) does not disclose any information and official reports within the regional context (only industrial exports and imports), for practical calculations, the industrial production is analyzed in accordance with commodity groups: foodstuffs, raw materials for agriculture (Groups 1–24); chemical products, namely, rubber (Groups 28–40); pulp and paper products and wood (Groups 44–49); metals and metal products (Groups 72–83); equipment, machinery, means of transport (Groups 84–90); and information on the exports and imports of minerals is given for the commodity group Products of the fuel and energy complex (Group 27) (Table 2) (Russian regions. Social and economic indicators 2013).

Table 2. *Export and Import Trade Structure in 2015.*

	Food and agricultural raw materials (groups 1-24)		Products of fuel and energy complex (group 27)		Products of chemical industry, rubber (groups 28-40)		Wood and cellulose and paper products (groups 44-49)		Metals and metal products (groups 72-83)		Machines, equipment and transport means (groups 84-90)	
	export	import	export	import	export	import	export	import	export	import	export	import
Russian Federation	16,209.3	26,583.8	216,164.1	3,000.5	25,376.9	33,973.6	9,840.2	3,625.8	32,880.1	11,733.9	25,440.4	81,868.0
Central Federal District	4,446.8	13,293.4	130,528.9	1,294.4	6,581.5	22,875.2	1,193.8	1,992.0	6,744.1	5,651.5	10,750.4	48,944.8
North Western Federal District	2,457.1	7,582.7	18,788.0	389.9	3,717.7	3,974.8	3,302.1	985.2	4,877.7	2,020.8	4,609.4	15,867.5
Southern Federal District	4,675.7	2,950.4	5,859.5	130.3	678.3	639.0	126.1	231.5	1,452.0	964.8	440.9	1,842.7
North Caucasian Federal District	354.1	336.5	31.6	7.1	553.9	98.8	2.5	16.9	30.1	76.1	63.7	379.2
Privolzhskiy Federal District	914.0	639.4	23,394.2	494.8	9,819.6	24,31.8	860.8	208.4	1,877.4	917.1	4,162.9	6,158.3
Uralskiy Federal District	263.1	269.5	13,968.6	223.5	2,539.8	801.8	269.8	51.8	6,916.7	949.1	2,339.9	3,608.9

*Improving Mechanisms to Manage Foreign Trade Activity of Regional Industrial
Complexes in the Context of International Limitations*

326

Siberian Federal District	545.5	599.0	11,051.3	383.5	1431.0	2,503.6	3,233.7	39.9	10,621.2	447.1	2,498.9	2,319.9
Far Eastern Federal District	2,531.3	856.8	12,541.4	76.2	33.1	634.7	851.3	92.9	351.6	700.8	533.8	2,721.7
Crimean Federal District	21.7	56.2	0.6	0.9	22.1	14.0	0.1	7.2	9.4	6.6	40.6	25.0

Source: *Russian Regions. Social and economic indicators - 2016.*

The conditions which are necessary and sufficient to achieve a high level of the national economic sovereignty will be considered herein in terms of: belonging to the share of industrial exports with reference to the total exports; the share of industrial imports in relation to the total imports; the share of export of various minerals in relation to the total exports for the average values of these indicators, relative to the indices in the industrialized countries.

Twenty-four countries are referred to the industrialized ones (Australia, Austria, Belgium, Great Britain, Denmark, Germany, Greece, Ireland, Iceland, Spain, Italy, Canada, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, San Marino, Finland, France, Sweden, Switzerland, Japan), which are members of the Organization for Economic Cooperation and Development (OECD), and Singapore has also been considered an industrially developed country since 1996.

The following indicators are the main ones which characterize the country as industrially developed: high values of GDP per person; multi-sectoral balanced structure of the national economy, in which the service sector provides more than 60% of GDP; harmonized social structure with a small gap between the incomes of the poorest and richest 20% of the population; presence of a developed middle class with high living standards. Today industrial developed countries play a major role for the global economy, since their share in the global gross product makes more than 54%, and the share in world exports makes more than 72% (industrial development of the country in the global economy).

These countries are considered a standard since, in addition to a high degree of industrial development, they also have high quality of life, and according to ethical economic policy (including foreign trade policy), which is the most in demand today, this should be considered a key purpose of industrialization of the country.

The intervals with respect to the average values of indicators are limited by the lower Q_1, and the upper Q_3 (quartiles) of the corresponding variation series for the share of industrial exports (imports). The upper and lower quartiles are determined based on the construction of variation discrete series (two) percentage shares of industrial exports and imports of the above countries in relation to the total exports and imports. As the lower quartile, Q_1 separates 1/4 of the specified aggregate at the lowest value of the characteristic, and Q3 (as the upper quartile) allows cutting off 1/4 with the largest values of the characteristic.

Necessary and sufficient conditions for achieving national economic sovereignty may be represented by such formulas:

$$(E^t_i / E^t) \rightarrow [Q_{1i}{}^e, Q_{3i}{}^e],$$
$$(I^t_i / I^t) \rightarrow [Q_{1i}{}^i, Q_{3i}{}^i],$$
$$(E^t_r / E^t) \rightarrow [Q_{1r}{}^e, Q_{3r}{}^e],$$

where $\mathbf{Q_{1i}{}^e}$, $\mathbf{Q_{3i}{}^e}$ are the lower and the upper quartiles for the variation series of the share of industrial exports in the above countries with reference to the export of most varieties of products, works and services therein; $\mathbf{Q_{1i}{}^i}$, $\mathbf{Q_{3i}{}^i}$ are the lower and the upper quartiles for the variation series of the share of industrial imports in above countries with reference to the import of most varieties of products, works and services therein, and finally, $\mathbf{Q_{1r}{}^e}$, $\mathbf{Q_{3r}{}^e}$ are the lower and the upper quartiles for the variation series of the share of export of various minerals in the above countries with reference to the export of most varieties of products, works and services therein.

This may be explained by the fact that the ratio of the share of industrial exports and imports should be considered as a development indicator for industrial complexes from the point of ensuring production growth, and from the point of additional optimal provision of the country with imported products. It shows the optimal balance of industrial exports and imports, as well as the balance of industrial exports/imports in relation to the total export and import of products, services and works.

In industrialized countries, this ratio should be within certain fixed limits, which Russia should strive for to achieve a high level of economic sovereignty. For the regions, the necessary conditions (a), (b) and (c) for the country's economic sovereignty are not to be changed, they only apply the relevant indicators for the region, while the condition (d) is modified considering the import substitution factor in the region:

$$I^{un} < \{[If^t / (Ef^t + If^t)] - [If^{t-1} / (Ef^{t-1} + If^{t-1})]\} < I^{un}$$
$$I_i{}^{un} < [(If^t_i / If^t) - (If^{t-1}_i / If^{t-1})] < I_i$$
$$I_r{}^{un} < [(If^t_r / If^t) - (If^{t-1}_r / If^{t-1})] < I_r{}^B$$

$\mathbf{If^{rt}}$, $\mathbf{If^{rt}_i}$, $\mathbf{If^{rt}_r}$ are respectively the import, the import of industrial products and mineral raw materials from other countries.

There is no need to introduce any sufficient conditions for the regions, since the economic and political status of any region is not comparable with the similar statuses of a sovereign country. For practical calculations, the initial data of the industrial exports and imports in other countries are determined in accordance with the commodity groups: food, beverages, tobacco (see Sections 0, 1 of SITC (3); non-food raw materials, except fuel, animal and vegetable oils and fats (see Sections 2, 4 of SITC (3), chemicals and similar products (see Section 5 of SITC (Standard

*Improving Mechanisms to Manage Foreign Trade Activity of Regional Industrial
Complexes in the Context of International Limitations*

328

International Trade Classification) (3), machinery and transport equipment (see Section 7 of SITC (3), other manufactured goods and finished products (see Sections 6, 8 and 9 of SITC (3). As for the export and import of mineral raw materials such information is determined in accordance with the commodity group Mineral Fuels, Lubricants and Similar Materials (see Section 3 of SITC (3) (Collection: Russia and countries of the world, 2012: Statistical collection, 2012).

As an example, considering the above conditions and on the basis of Rosstat data, the foreign trade performance may be calculated with reference to achieving the economic sovereignty by Russia at the beginning of 2013 (Table 3). As an industrial product, machines, equipment and means of transport are indicatively referred to raw materials (mineral products), since these types of products form the basis of production, raw materials of the leading Russian industries and are grouped in separate reports in Rosstat's reports.

Table 3. Foreign Trading Characteristics of Achieving the Required Indicators of the RF (Russian Federation) Sovereignty in the Early 2013 (%).

Indicators	Russian Federation	Industrially developed countries of the world
Ratio of exporting products of industry sectors as to the total export volume	25.99	83.6 - 93.9
Growth of ratio on exporting products of industry sectors as to the total export volume as compared to the previous year	- 0.6	***
Ratio of importing products of industry sectors as to the total import volume	98.54	79.3 - 85.9
Growth of ratio on importing products of industry sectors as to the total import volume as compared to the previous year	- 0.97	***
Ratio of exporting raw materials as to the total export volume	74.01	6.1-16.4
Growth of ratio on exporting raw materials as to the total export volume as compared to the previous year	0.6	***
Growth of foreign trading turnover dynamics as compared to the previous year	1.76	***

Source: Russian Regions. Social and economic indicators - 2013.

However, the calculations show that the conditions for ensuring the economic sovereignty of Russia were not fully observed in 2012. Thus, the share of industrial products with reference to the total exports (= 25.99%) should be brought to the required values of the interval (83.6, 93.9%), and the share of industrial imports (= 98.54%) should be brought to the required values of the interval 79.3% to 85.9%, and finally, the specific weight of raw materials exported with reference to the total exports (= 74.01%) should be brought to the required values of the interval 6.1% to 16.4%. Moreover, it should be noted that the share of industrial exports with reference to the total exports has decreased, if compared with the previous year (-0.62%), and the share of raw materials exported in relation to the exports has also decreased, if compared with the previous year (-0.61 %).

Similarly, it is possible to determine the necessary and sufficient conditions for economic sovereignty by the example of the regions in the Central Federal District (Table 4). The "+" symbol indicates a case of compliance with the condition, and the "-" symbol non-compliance.

Table 4. *Estimating the Fulfillment of Terms and Conditions of Achieving the Economic Sovereignty of RF Regions (Through the Example of the Central Federal District).*

Region	Required terms and conditions			Sufficient terms and conditions		
	1	2	3	1	2	3
Belgorod Region	-	-	+	-	-	-
Briansk Region	+	+	+	-	-	-
Vladimir Region	-	-	+	-	-	-
Voronezh Region	-	-	+	-	-	-
Ivanovo Region	+	+	+	-	-	-
Kaluga Region	-	+	+	-	-	-
Kostroma Region	-	-	+	-	-	-
Kursk Region	-	-	+	-	-	-
Lipetsk Region	-	-	+	-	-	-
Moscow Region	-	-	+	-	-	-
Orel Region	-	-	+	-	-	-
Ryazan Region	-	+	+	-	-	-
Smolensk Region	-	-	+	-	-	-
Tambov Region	-	+	+	-	-	-
Tver Region	-	+	+	-	-	-
Tula Region	+	+	-	-	-	-
Yaroslavl Region	+	-	-	-	-	-
Moscow	+	+	-	-	-	-

The analysis of the conditions for achieving the economic sovereignty by regions is given in Table 5. It shows that the external trade of those regions mostly meets the third necessary condition for the achievement of economic sovereignty (84%), and to the least extent, the first (26%) and the second (42%) ones. This determines the direction for increasing economic sovereignty in terms of improving the commodity structure of export and import. Simultaneous compliance with all three necessary conditions has been found only in 10% of regions, and all three sufficient conditions are not simultaneously met in any region, which also determines ways to improve the commodity structure of export and import in terms of convergence with the structure of exports and imports of industrialized countries.

Table 5. *Analysis of Terms and Conditions of Achieving Economic Sovereignty by Regions (Through the Example of the Central Federal District).*

Variants of fulfilling terms and conditions of economic sovereignty	Ratio of regions
Fulfilling the first required condition	26
Fulfilling the second required condition	42
Fulfilling the third required condition	84

Improving Mechanisms to Manage Foreign Trade Activity of Regional Industrial
Complexes in the Context of International Limitations

330

Simultaneous fulfillment of all required conditions	10
Simultaneous fulfillment of all sufficient conditions	0

4. Discussion

Summarizing the results of this research, it is possible to say that the offered models and formulated required and sufficient terms and conditions give the actual understanding of the situations in the foreign trading relations of the state and its regions. However, there is the understanding of the need to specify the offered conceptual model of managing the foreign trade activity in the industrial complex of the region. First, it is necessary:

- To consider methods to improve the management of foreign trade activity in the industrial complex of the region, including the restructuring of the foreign trade activity in the industrial complex of the region, organizing the research of foreign and domestic regional industrial markets on the sectoral and regional levels of managing the foreign trade activity; creating and state support for the inter-country industrial and trade clusters.
- To improve methods of developing the national strategy, sectoral and regional program of developing the foreign trade activity in the industrial complex.
- To use new areas of analyzing, consulting and forecasting the development of the foreign trade activity in the regional industrial complex. We will note that the currently applied traditional indicators of the volumes of export, import, foreign trade turnover and balance, as well as the consulting activity in state regulation of the foreign trade activity are weakly developed, and the methods of heuristic forecasting that are efficient for the conditions of the risk peculiar of the foreign trade activity are not applied.
- To develop technologies of managing foreign trade activity in the industrial complex of the region, because in practice the technologies based on only current statutory acts are applied, which limits the use of the above technologies' potential.
- To further improve the statutory, organizational, HR and informational aspects of managing the foreign trade activity in the industrial complex of the region and the country by strengthening the role of organizational and management factors when regulating processes of the foreign trade activity in regions.
- To develop a methodic approach to estimating the efficiency of managing the foreign trade activity in the regional industrial complex. Now there is no comprehensive approach to forming indicators of the efficiency estimation.

Lead specialists in developing the foreign trade activity confirm the high priority of solving the above problems both for the country, and regional industrial complexes in particular. At the same time this proves the importance of researches of this theme. Ensuring the national security and sovereignty by improving the efficiency of the foreign trade activity under the modern conditions is a key issue of any state development. It is necessary to analyze its economic development to understand comprehensive transformation processes, crisis phenomena when the distinct

functional specialization of separate elements of economy is violated. That is why those factors that usually fall outside the subject of economics start playing the crucial role (Brittan, 1998).

The state as a subject of the economic system not merely coexists with the society; it is also a result of its development. In the modern context the path of economic development of the state acquires a special meaning. Above all, it goes about individual economic development that considers national state interests and maintenance of economic sovereignty. In this context the main area of researches on sovereignty issues is its political and legal, and social and economic aspects.

Over the recent two decades understanding of the economic sovereignty has undergone considerable changes as a consequence of deepening integration and globalization, extending free trade zones, grouping of countries with different statuses, as well as due to the activity of international institutions (WTO, IMF, International Bank for Reconstruction and Development, international organizations on human rights, etc.). These supranational structures formed on the territory of developed countries are financed mainly by these countries. In their activity they consider mainly interests of these countries. Thus, the economic sovereignty is understood as the state independence, its right for resources and its opportunity to take individual actions in economic activity with the subsequent disclosure and deepening of intrastate and interstate provisions and peculiarities. At the same time the lower limit of the economic sovereignty of the state is its economics, and the upper one is the competitiveness of its economy. Therefore, the problem of sovereignty is a principle state and legal problem to be solved in the context of globalization.

It is especially urgent to understand the need to protect the economic sovereignty under the modern conditions when erasing boundaries of national economies that undergo new tendencies of global, above all, integration processes becomes more and more considerable. However, collision of national interests, above all, in economy, and territorial and regional contest do not disappear. At the same time in the context of global integration and inevitability of international cooperation, economic mechanisms have considerable impact on global processes and policies of some countries. Moreover, they allow achieving control over some of them without military or other explicit interferences.

Most often the applied methods to squeeze on states with the requirements of voluntary limitations of their sovereignty are related to the economic area. In the situation of struggling for global economic niches, some countries may impose not only a certain configuration of economic relations and interrelations on other countries but also the model of global economic structure that can have a considerable impact on the political order of other states, blast their economic independence, abridge them such status that is associated with the notion "economic sovereignty". Such tactics gives them a better result in relation to the states that do

Improving Mechanisms to Manage Foreign Trade Activity of Regional Industrial
Complexes in the Context of International Limitations

332

not have a significant economic potential, due self-reliance and competitiveness, hence actual equality in international relations.

5. Conclusion

Today in the context of international limitations on the way of forming efficient foreign trade activity of regional industrial complexes there is several serious structural problems, the solution of which requires a comprehensive approach, above all, on the state level, as well as on the level of regional economic systems. Over the recent years many regions have got a negative balance of the foreign trade balance, imperfect trade and geographic structure of export, and low competitiveness of the national industrial products. That is why they cannot efficiently withstand the tough competition on international markets.

It is necessary to develop and introduce organizational and economic mechanisms of efficient management of geography and structure of export relations of regions. To our mind, regional industrial complexes must focus their efforts on developing a multi-vector course of foreign trade activity. They must form such export potential that to the greatest degree would allow them to use the existing and create new competitive advantages, and provide stable and harmonic development of social and economic systems of regions.

At the same time, to our mind, institutional changes must make up a basis. They include formation of efficient, stimulation statutory activity of industrial enterprises – subjects of the foreign economic activity. There is a considerable moment – improvement of the organizational provision of the foreign economic activity based on transparent and simple procedures of the customs tariff and non-tariff regulation. The role of an institutional component in forming attractive investment climate, innovation activity and transfer of technologies is considerable. The foreign economic policy of the state on supporting national producers, growth of their export potential, optimization of trade and geographic export and import structure must be reconsidered.

The main methods of growing the potential of foreign economic activity of regional industrial complexes are the creation of favorable economic conditions for increasing domestic production at the expense of modernization of production, implementation of innovations, development of the research and technical potential, implementation of a special system of crediting producers' floating assets, implementation of power and resources saving technologies, increase in the level of mechanization and automation of production, and attraction of professional specialists to manage an enterprise.

It is necessary to improve a system of managing the foreign economic activity of regional industrial complexes by implementing the strategic approach, marketing researches, creating an optimal structure of management, accounting, analysis and

control over forming the efficient informational provision to take decisions in foreign economic activity. The above areas of developing regional industrial complexes must be consistently reflected in strategies on developing the foreign economic activity of regions and foreign economic policy of the state.

References:

Blischenko, I.P. and Doriya, Zh. 2000. Economic Sovereignty. Legal Science, 1, 200 - 217.
Brittan, L. 1998. Globalisation vs. sovereignty? The European response. Cambridge, Cambridge University Press, 79.
Burmistrov, V.N. 2006. Foreign Trade of the Russian Federation: Textbook. Allowance. Moscow, Vest, 474.
Burov, A.S. 2003. Efficiency of Foreign Trade in Russia: Methodology of calculations. Moscow, Finances and Statistics, 80.
Ershov, M.V.2005. Economic sovereignty of Russia in the global economy. Moscow, Ekonomika, 283.
Farhutdinov, I.Z. 2008. Economic sovereignty of the state in the context of globalization. Law and Safety, 3(28).
Federal law No. 164-FZ 2003. On Basics of State Regulation of Foreign Trade Activity.
Fowler, M. and Bunck, J. 1995. Law, power and the sovereign state. University Park, Pennsylvania State University Press, 200.
Krasner, S.D. 1999. Sovereignty: Organized hypocrisy. Princeton, NJ, Princeton University Press, 264.
Kreijen, G. 2002. State, sovereignty and international governance. Oxford, Oxford University Press, 643.
Manuylenko, V.V., Kabardokova, L.A., Loktionova, M.A., Sobchenko, N.V. and Sadovskaya, T.A. 2017. Methodological Tools for Evaluation of Strategic Target Structure of Financial Resources in Corporations with Limited Liability. European Research Studies Journal, 20(2B), 439-466.
Mau, V. 2006. Democracy, sovereignty and economy. Apologia, 9(9).
Polyakova, A.I., Goncharova, V.L., Cheremina, B.V. and Fedotova, A.E. 2017. Analysis of Volume, Structure and Dynamics of Russian Foreign Trade Under Conditions of Globalization. European Research Studies Journal, 20(3B), 607-614.
Russian regions. Social and economic indicators 2016. Date view 17, 2017 http://www.gks.ru/bgd/regl/b16_14p/Main.htm.
Russian regions. Social and economic indicators 2013. Date view 17, 2017 http://www.gks.ru/bgd/regl/b16_14p/Main.htm.
Serebryakova, N.A., Semenenko, S.V., Grishchenko, N.V. and Ulchenko, T.Y. 2016. Competitive Potential of Trade Organization: Theoretical and Methodological Foundations of Formation and Realization. European Research Studies Journal, 21(2), 3-11.
Surzhikov, M.A., Abazieva, C.G., Belov, M.T. and Goncharova, S.N. 2017. Social and Economic Diagnostics of Foreign Economic Activity of the Rostov Region. European Research Studies Journal, 20(1), 172-184.