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The Key Factors, Determining the Industrial Development of Russia under the Conditions of Membership in the WTO

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Abstract

The modern economy is developing under the influence of a number of trends. One of the key trends is globalization. It is not only essential content. It consists in the formation of a single world economic space. Globalization also has the legal consolidation. In the framework of international organizations is the formation of a unified global institutional rules regulating economic activity. One such organization is the World Trade Organization (WTO). Russia is a member of this organization. Accession to the WTO changed the composition of the factors influencing the development of Russian industry. The article analyzes the impact of the fact of WTO membership on the industry in Russia. Consider these areas influence the WTO industrial production, as a change in the competitive situation in the market, restrictions in the use of previously used instruments of state support of the industry, the liberalization of cross-border movement of financial resources, the availability of credit for industry and others. It is concluded that the need to adjust strategies for the development of industrial enterprises and state industrial policy in Russia. In the new environment industry in Russia on world markets should move from competition through lower prices to compete by introducing new technologies and improving product quality.

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1. Introduction

The country's WTO (World Trade Organization) membership is changing the performance environment of

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the national industry. And it is entirely concerned the economy of the Russian Federation. In this case, the factor of participation in the world trade organization affects the structural transformation in the industry. It occurs in the form of the innovation sector expansion, the government's active industrial policy which is aimed at import substitution and re-industrialization, the large corporations formation under the auspices of the state (particularly in the military sector), the improvement of the technological level of existing industries and the attraction of the large multinational industrial corporations to the Russian Federation under special conditions (e.g. as part of the motor clustering projects), etc. What is more, these trends have its industrial and regional features.

Today Russia is interested in the restoration of its importance as an industrial power implementing appropriate public policies. It should be noted that the state support of the national industry competitiveness is only possible in those areas of regulation which are not covered by the WTO requirements, apart from the measures concerned with Protocol on the Russian accession to the WTO. For example, it refers to the priority nationwide economic projects financing through special development banks. It is also possible to obtain budget funds from R & D; technical regulation and other state industrial policy measures, which do not contradict the norms and principles of WTO. In order to stimulate the national economy, Russia has to use these tools widely, following the example of the developed countries. However, these issues are not theoretically sophisticated yet, and they will determine the relevance of the study.

This investigation is based on research findings of foreign and Russian scientists. The scientific papers connected with foreign studies of globalization and regionalization of the economy by J.K.Galbrate, R. David, M. Castells, A. King, K.Omae, M. Porter, B. Schneider, , have formed the theoretical position of the authors. And the works of Russian scientists such as L. Abalkin, J. Vertakova, S. Glazyev, V. M. Capitsyn, A. E. Karlic, Y. Petrov, V. A. Plotnikov, I. Risin, A. Kharlamov, S. V. Shmanev, S. R. Yagubov have also made a significant contribution to the development of theoretical and practical aspects of Russian regional industry and the theoretical foundation development and implementation of state industrial policy to improve the management systems of industrial enterprises.

Despite the presence of a rather numerous works devoted to the analysis of problems of Russia's accession to the WTO, the fact of the country's entry into the WTO has made a radical change in the business environment for the industrial sector. In this regard, it is important to identify the key factors determining the industrial system development of Russia under the conditions of membership in the WTO.

2. Strategic directions of the industrial system and the key success factors under the conditions of membership in the WTO

Since 2011 Russia became a full member of the WTO. The analysis showed that the measures, taken by the Russian Government to stimulate the development of the economy as a whole and the industry in particular, are inadequate. And to stimulate the industrial development currently active government policy is required.

In Russia to stimulate economic development the public authorities are initiating a number of measures that are interrelated with the development priorities of industrial production.

These include:

- the restraint upon the growth of tariffs of natural monopolies;
- the application of funds of RNWF (Russian National Wealth Fund) to invest in infrastructure projects;
- the cash reserve provision in the purpose-oriented programmes to minimize losses in the most vulnerable sectors of the Russian industry taking into account the country's membership in the WTO.

In Russia after its accession to the WTO the macroeconomic conditions in industrial production has changed, and a number of previously used effective public policies cannot be applied due to the incompatibility with the WTO rules.

For example, the direct financial support in the form of subsidies to industries is prohibited and the tariff regulation of foreign economic activity is limited. The country has pledged to reduce customs duties on industrial goods, which affects the competitiveness of products.

A very important macro-economic problem affecting the development pace of the economy is insufficient money supply.

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