Modernization of state regulation of international trade within the context of Russia's foreign policy implementation

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Abstract. This article examines the transformation of state-legal regulation in international trade within the context of contemporary realities and the geopolitical environment. In turn, the foreign policy activities of a state ensure the implementation of priority directions in foreign policy, allocation of resources for its implementation, strategy and tactics of interaction between external and internal factors that influence the system of specific international relations, including their legal framework. In light of this, the objective of this research work is to conduct a comprehensive analysis of state regulation regarding potential risks and possible adverse consequences of international trade for the domestic economy. Therefore, the study of state regulation of international trade and its aspects of modernization in the context of contemporary geopolitical processes becomes important and significant not only for Russia but also for foreign countries, both those displaying unfriendly behavior and exerting sectional pressure, as well as new partner states with which robust foreign economic ties are being established. Based on the research, a well-founded conclusion has been drawn that foreign policy activities are directly and closely linked to state-legal regulation of international trade. Therefore, a sound internal policy of Russia will enable it to reap benefits and pursue an independent foreign policy course, avoiding external pressures.

Keywords: foreign policy activities, international trade, sanctions, geopolitics, state, foreign economic ties

1 Introduction

The introduction of economic sanctions against Russia by Western countries in 2014 significantly affected its foreign economic activities. However, despite this, Russia continues to actively develop its economic relations with other countries. The main directions of Russia's foreign economic activity in the conditions of sanctions can be highlighted as follows. Firstly, the Russian Federation focuses on trade with other foreign states, thus strengthening its trade

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with China, India, South Korea, Turkey, as well as other BRICS countries. Another important aspect is the increase in the export of non-raw materials goods, where Russia promotes the export of various products, including food, equipment, automobiles, and other goods. Moreover, Russia has decided to enhance the production of high-tech products such as microelectronics and space technologies.

An important trend in the face of sanction pressure on the Russian Federation, aimed at diminishing its authority in international trade, is the development of economic relations with new countries, as stated by the Russian President V. Putin: "Russia actively seeks new partners in Africa, Latin America, Asia, and other regions of the world" [7]. An illustrative example of this is the development of the Time Saving Machine service in our country, which facilitates contacts with the mentioned countries. Asian cuisine has become particularly popular in our country in the last two years, as a result, local businessmen have independently learned to prepare exotic dishes, and the mentioned service enables the delivery of necessary products that are not produced in Russia [14].

Strengthening ties with neighboring countries is an important direction in Russia's foreign economic activity under the conditions of sanctions. Russia has strengthened its economic ties with countries in the near abroad, such as Belarus, Armenia, Kazakhstan, and other CIS countries [12]. The development of agricultural product exports is also emphasized. Russia actively promotes the export of agricultural products, including grain, meat, dairy products, vegetables, and fruits [11].

However, research on the stated issues in recent years (until spring 2022) has not been widely pursued by scholars, despite the capital outflow that occurred in 2014-2015 [6, p. 12-15]. Nonetheless, since last year, significant changes have taken place in the framework of state regulation of international trade in our country, considering the changing geopolitical situation. This underscores the significance of the raised and relevant topic for scientific research.

Thus, Russia continues to develop its foreign economic activity under economic sanctions, focusing on diverse directions and partners. Therefore, it is the foreign policy activities of the state that directly influence the establishment, development, or termination of international connections since predicting events and countries' reactions to external factors is complex. Nonetheless, this does not negate the toolkit of measures for implementing Russia's modern foreign policy activities on the international stage. Consequently, this research highlights the relevance of studying the foreign policy activities of the domestic state, which determines the modernization of the state-legal regulation of Russia's position within the framework of contemporary geopolitical events and processes.

## 2 Materials and Methods

The article employed general theoretical methods, such as analysis, synthesis, hypothesis formulation, and others. Additionally, specific methods of legal science were used during the research process. Comparative legal method was applied to examine the functioning of international trade before and after the imposition of sanctions by Western countries, analyzing its impact on the Russian economy. The method of legal hermeneutics was also utilized, allowing for the analysis of the legal interpretation of normative legal acts.

## 3 Results

State legal regulation of international trade entails a system of legal and political mechanisms adopted by states to regulate international trade. It encompasses the establishment of rules, standards, and procedures that govern international trade worldwide. The domestic economy
possesses a number of distinctive characteristics influenced by the historical legacy of the USSR, whereby modern market relations retain some retrospective elements of the Soviet command-administrative system (for example, the privatization process has not yet been completed [9, p. 79-81]). However, it is the contemporary geopolitical processes, particularly the implementation of Russia's special military operation in Ukraine, which have led to a rupture in relations between our country and unfriendly states (such as the United States, the United Kingdom, Western European countries, and others). Consequently, the economy of the Russian Federation has faced tremendous pressure on the entire financial system, mass exodus of transnational companies, and export blockades imposed by foreign states [5, p. 157]. These enumerated factors have become interrelated and have demonstrated a direct cause-and-effect relationship between the study of Russia's foreign policy activities and international trade, wherein our country's economy strives to find alternative aspects and undertake timely adaptive measures to prevent financial crises.

One of the primary approaches to state legal regulation of international trade is the multilateral system of trade agreements [8, p. 93-94]. It involves the use of rules and procedures established by the World Trade Organization (WTO) to regulate international trade. Key elements of this system include the reduction of trade barriers, protection of intellectual property, and dispute resolution. Additionally, states may enter into bilateral or regional trade agreements to expedite and streamline the process of mutual trade, combat unfair competition, and establish a foundation for future economic integration. State regulation of international trade aims to achieve a range of goals [13, p. 119]:

- Utilizing foreign economic relations to accelerate the development of a mature market economy in the Russian Federation.
- Promoting increased labor productivity and the quality of domestic production through licensing and patent acquisition, procurement of new technologies, and inclusion of Russian enterprises in global competition.
- Creating conditions for access to global markets for Russian entrepreneurs through state, organizational, financial, and informational support.
- Safeguarding national foreign economic interests and protecting the domestic market.
- Establishing and maintaining a favorable international regime in relations with various states and international organizations.

State legal regulation of international trade can also encompass the regulation of trade in specific goods or services, such as food products, medical equipment, and financial services [10]. This may involve various measures to protect national interests and ensure the safety of citizens. Overall, state legal regulation of international trade holds great significance in creating a stable and predictable business environment, strengthening economic ties between countries, and promoting global economic growth.

In light of the aforementioned, we consider it necessary to highlight the following current directions of state legal support for international trade, which have gained prevalence during the period of external pressure and active foreign policy activities of Russia. Until September 1, 2023, products without the required labeling specified by the technical regulations of the EAEU can be imported, and all participants in foreign economic activity operating in the market for less than 1 year will not be required to provide guarantees of tax and customs duty payment obligations, as amendments have been made to Article 55 of the "Customs Regulation" Law [2].

Last year, a series of new Resolutions of the Government of the Russian Federation were also issued, aimed at reducing the tax burden in order to achieve a balance in the complex geopolitical situation [1, 3, 4]. Therefore, we propose to examine these provisions in more detail.

1. Preferential corporate income tax, where all firms paying the specified tax on a quarterly basis can switch to advance payments based on actual profits from any month in 2022.
2. Postponement of the deadline for payment of corporate income tax, as it was shifted
exactly by one month from March to April 2022, allowing for advance payments based on actual indicators of the first quarter.

3. Exemption of IT companies from paying profit tax at a rate of 3% until 2024.

4. The hotel business is subject to a zero VAT rate from 01.07.2022 to 30.06.2027 (tourist industry facilities put into operation after 01.01.2022 are included in hotel complexes).

5. The luxury tax threshold for automobiles has been increased from 3 million rubles to 10 million rubles.

6. Several deferrals for tax payment (Simplified Taxation System) have been introduced.

7. As of March 9, 2022, penalties for legal entities have been abolished, and the practice of blocking accounts by the tax authorities has been suspended for tax payment debtors.

8. Tax holidays for individual entrepreneurs have been extended until January 1, 2025.

Thus, the Russian Federation strives to maintain a balance between its national economy and international trade, endeavoring to find a prudent path for further development of international relations in order to achieve the national interests of its population.

4 Discussion

Russia is currently facing a challenging situation on the international stage, as it continues to withstand the pressure of political and economic sanctions imposed by unfriendly states. The country strives to find as many adaptive measures as possible to reduce the risks and losses incurred by the domestic economy due to actions taken by Western countries.

The introduced changes in the normative legal regulation of international trade have facilitated the conditions for importing and exporting goods within existing unions. This particularly applies to Russia's participation in the Eurasian Economic Union, allowing for the consideration of modern trends and the conditions of the international market and its peculiarities associated with the pressure exerted on Russia through sanction packages. In the future, positive changes may occur in the realm of trade agreements between countries, aiming to simplify the process of international trade and enhance the competitiveness of economies. Simultaneously, regulatory measures will be maintained to protect against unfair competition and support national industries. Overall, the state regulation of international trade will continue to balance the interests of economic entities and ensure sustainable economic development.

Undoubtedly, the current geopolitical situation and the new economic and political realities of the modern world have affected every Russian citizen and organization. However, these factors have also impacted the international economy and the economies of each country. This includes unfriendly states, which also need to take a comprehensive set of measures to adapt their companies to the foreign policy activities of their own governments and the Russian Federation.

5 Conclusion

Summarizing the results of the conducted research on the foreign policy activities and their influence on the state regulation of international trade in the Russian Federation, we have arrived at the following substantiated conclusions:

- The Russian Federation engages in active foreign policy activities on the international stage in the interest of its own population, which elicits a range of disapprovals from unfriendly states.

- The necessity for unification and harmonization of national and intergovernmental legal relations is complicated by the absence of "supranational" legislation, leaving room for their regulation primarily through agreements between states, taking into account the specificities and legal systems of each participant in trade relations.
The issues of legal regulation of international economic relations represent one of the most pertinent areas of study for both general legal theory and international law as a whole.

Foreign economic activity implies the equalization of subjects engaged in international activity, ensuring equality in trade and monetary relations, which exerts a significant influence on the foreign policy activities of each party.

Throughout the research, it has been proven that Russia makes every effort to adapt to the complex geopolitical conditions, expressed in the modernization of state legal regulation of international trade.

Therefore, during the study, it was established that foreign policy activities have a direct and close connection with the state regulation of international trade involving all countries. The conducted analysis allows us to summarize that the diversity and multidimensionality of foreign trade activities itself necessitate a wide range of diverse methods of state regulation.

References


