Interrelation of the Region's Foreign Economic Activity and Its Economic Sustainability

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Keywords: Economic security, foreign economic activity, sustainability, regional economy, threats, development, integration.

Abstract: The goal of this article is a theoretical and methodological substantiation of the interrelation between foreign economic activity and the sustainability of the regional economy. The problems of organizing foreign trade activities at the level of the constituent entities of the Russian Federation, while ensuring their economic security and increasing the sustainability of regional development, are constantly raised in the works of domestic economists. In addition, the issues of sustainable economic development are one of the most urgent problems facing many states. When ensuring the sustainability of the economy, the priority is to ensure economic recovery in parallel with the protection of resource reserves in the interests of modern and future generations. Until recently, the majority of domestic researchers and economists noted that foreign economic activity is under the exclusive jurisdiction of the Russian Federation and, therefore, its constituent entities occupy an insignificant place in this process. Therefore, foreign economic activity was given a small role or was paid no attention at all in the strategies of regional development. The relevance of the topic of this study is the need for theoretical understanding and improvement of the research methodology, planning, organization, and management of foreign economic activity at the regional level. The latter involves the development of a strategy or standard for foreign economic activity of the constituent entity of the Russian Federation. Based on this, the regions determined the directions of their foreign economic activity, set practical tasks and strategic goals. All this should be based on an objective analysis of foreign economic relations at the regional level. All of the above confirms the thesis that the sustainability of the regional economy is determined by the impact of such a significant factor as foreign economic security.

1 INTRODUCTION

At present, the tendency to the globalization of almost all economic problems is clearly marked all over the world. The most important issue for the development of an individual and society as a whole is the issue of maintaining balance and finding a rational relationship between the functioning of the economy and ensuring the safe life of a person and future generations. All this leads to the understanding and

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formulation of theories of sustainable economic development at the meso-, macro-, and micro-levels. Most economists agree that the national security of a state is largely determined by the security of its individual constituent entities (if we are talking about a federal structure). In this case, it is the sustainable development of the constituent entity of the Russian Federation that will be the determining factor in ensuring the economic security of the region and the country as a whole.

In the last few years, there has been a tendency to the development of the foreign economic activity of the constituent entities of the Russian Federation, which has led to the emergence of threats to foreign economic security as an element of economic security. This problem is closely interrelated with the issue of sustainable development of the region since it is the latter that is provided by "...the balance of economic and social factors...", and the irrationally organized foreign economic policy of a constituent entity of the Russian Federation can lead to negative consequences in the economic sphere (Loginova, Galiulina, 2017).

Assessing the close relationship between the sustainability of the economy of constituent entities of the Russian Federation and the effectiveness of their foreign economic activity, it is necessary to take into account the fact that regional foreign trade policy is a fairly new area of economic activity for them, although it is quite common in foreign practice. This is since some researchers define foreign economic activity as the exclusive prerogative of federal state authorities and management. Others (I. V. Shevchenko, O. G. Semyannikova et al.) write that the strategy of foreign economic activity at the level of constituent entities of the Russian Federation is "...a set of scenarios for the possible development of foreign trade...". However, it is necessary to take into account the possible conflict of interests of the federal center and constituent entities of the Russian Federation, which is manifested in the redistribution of regional export items that can give the greatest foreign exchange income between the domestic and foreign markets.

Even though there are many scientific publications in the field of research of foreign economic activity of the region, the latter is considered mainly as one of the factors of sustainable development of the economy of the region or other economic entity. We can note the works of the following authors: L. M. Babak, O.A. Veretenikova, Yu. G. Lavrikova, V. E. Manevich, M.I. Maslennikova, T. V. Mirolyubova, E. D. Oborina, O.V. Podshuweit, S.N. Rastvortseva, E. A. Stepanova, S.I. Ultan et al. (Dokholyan, 2011; Veselova, 2016)

The need for the organization and development of foreign economic activity in the region in the domestic scientific literature was initially justified in the 1990s when the effectiveness of foreign trade was evaluated based on a comparison of indicators of the volume of foreign trade transactions, foreign exchange earnings, and costs associated with the implementation of these transactions.

The relevance of the research topic is determined by the fact that leading economists establish a certain relationship between the state of foreign economic activity in the region and the development of the regional economy. The novelty of the author's approach lies in the theoretical justification of the influence of the organization of foreign economic activity of the constituent entity of the Russian Federation on the sustainability of the regional economy.

2 MATERIALS AND METHODS

Before determining the relationship between the foreign economic security of the region and the sustainability of its economic condition, it is necessary to consider the essence of these categories.

It should be noted that the topic of sustainable economic development is in the focus of attention of many domestic and foreign researchers. Thus, a significant contribution to the study of the sustainability of the economic development of individual territories was made by I. M. Busygina, V. G. Vvedensky, P.M. Ivanov, A. A. Kuklin, D.S. Lvov, V. P. Pakhomov, A. I. Tatarkin, S.G. Tyaglov, A. V. Loktev, A. S. Dokholyan, M.V. Loginova, E. B. Golovanov et al. Despite a large number of scientific publications on the sustainability of the regional economy, no unified requirements, principles, and approaches to the transition of the Russian Federation's constituent entities to the path of sustainable development have been developed so far. Based on this, there are several approaches to determining the sustainability of the socio-economic state of the region (Table 1) (Dokholyan, 2011; Loginova, Galiulina, 2017; Gichiev, Surakatov, 2014).

Thus, the sustainability of the regional economy is interpreted in most sources as the state of the economy, which ensures the constancy of final indicators of the functioning of the socio-economic development in regions. As noted by A. S. Dokholyan, the interpretation of the sustainable
Table 1: Approaches to determining the sustainable development of the regional economy.

<table>
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<tr>
<th>Approach authors</th>
<th>Conditions for the sustainable economy formation</th>
<th>Approach essence</th>
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<tbody>
<tr>
<td>Abalkin L. I., Livshits A., Konoplyanik T. M., Gordenko D.V.</td>
<td>Safety, sustainability, reliability, integrity, and strength of the system.</td>
<td>Sustainable development is determined based on the criteria of its security, sustainability, ability to constantly update and improve.</td>
</tr>
<tr>
<td>Reimers N.F., Blaug M., Shelomentsev A. G., Kalashnikov V. D.</td>
<td>Sustainability of indicators for a certain period of time</td>
<td>Sustainability is the ability of a system to remain in a relatively constant state despite internal and external disturbances.</td>
</tr>
<tr>
<td>Kretinin V. A., Bodryashov E. S.</td>
<td>Ability to maintain dynamic balance.</td>
<td>Sustainability is a general property of the system to maintain a dynamic balance when the indicators of the external and internal environment change within the permissible limits.</td>
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The sustainable development of the economy can be approached from two positions:

- ensuring the sustainability of a given level of output economic indicators;
- ensuring the consistency of incremental limit indicators of economic growth (Gushchenskaya, Paliy, Sumarokova, Yesembekova, Anfalova, Pavlutskikh, 2020; Dokholyan, 2011).

Since the balance in the socio-economic system is not achieved immediately, but at a certain point in time, being under the influence of various factors, when defining the term "sustainable economic development", it is necessary to pay special attention to these factors and conditions.

The sustainable development of the state's economy, including our country, is directly dependent on the state of the economic and social sphere of its regions. As has already been mentioned above, one of the trends in the economic development of the sub-federal economy is the activation of foreign economic activity of the Russian regions. The foreign economic activity of a constituent entity of the Russian Federation is the unity of foreign trade, investment, currency, financial and other relations of regional authorities and economic entities with economic entities (regions, individual companies, etc.) from foreign countries. The role of the state in the development of the foreign economic activity of the regions is to create favorable conditions for its functioning and ensuring foreign economic security at the regional and state levels.

The state authorities of constituent entities of the Russian Federation perform certain functions for the organization of foreign trade, which is an important factor in the sustainability of the regional economy. By implementing the strategy for the development of foreign economic activity in practice, constituent entities of the Russian Federation get the opportunity to receive additional income, including foreign currency, which can be directed to their socio-economic development to contribute to the sustainable development of the territories. Based on this, the state authorities and management bodies of constituent entities of the Russian Federation should be interested in creating favorable conditions for the organization of foreign trade.

The powers, principles, and directions of the organization of foreign economic activity of constituent entities of the Russian Federation are presented in Table 2 (Gichiev, Surakatov, 2014; Degtyarev, Veselova, 2021).

Therefore, to ensure the sustainable development of the regional economy, the organization of foreign economic activity of constituent entities of the Russian Federation should promote:

- development of social orientation of the regional economy;
- coordination of the interests of various economic entities and public authorities in the organization of foreign economic activity in the region;
- division of powers and functions of foreign trade participants and state authorities and management bodies of the region;
- ensuring economic and, in particular, foreign economic security, development of non-resource exports, etc.

Based on the above, it can be noted that to optimize the foreign economic activity of constituent entities of the Russian Federation and increase their economic sustainability, it is necessary to conduct a regular objective assessment of its current state, identify development trends and problems in the foreign economic sphere.
### Table 2: Fundamentals of the organization of foreign economic activity in the region

<table>
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<th>Indicator</th>
<th>Content</th>
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– formation and implementation of regional and interregional foreign trade programs;  
– implementation of international agreements of the Russian Federation in the field of foreign trade directly affecting the interests of relevant constituent entities of the Russian Federation;  
– coordination of the activities of constituent entities of the Russian Federation on the creation and functioning of free economic zones, regulation of cross-border trade. |
| Principles of regional foreign trade organization                          | – implementation of a competent structural economic policy, taking into account the level of development of economic entities in the region;  
– implementation of a consistent policy on the formation of the profile of the region's foreign economic specialization;  
– optimal combination of economic interests of state authorities and management bodies at the federal and sub-federal levels, as well as economic entities, in order to meet the needs of the region;  
– strengthening the region's position in the system of foreign economic competitive relations. |
| Main directions of foreign economic activity in the region                | – export;  
– import;  
– foreign investments;  
– investments in foreign businesses;  
– ensuring foreign economic security. |

### 3 RESULTS AND DISCUSSION

The formation of an optimal foreign trade strategy requires the regions to create a favorable investment climate, stimulate export activities, and maintain an effective business infrastructure. Therefore, the field of foreign economic security requires the implementation of comprehensive and systematic approaches in coordinating the activities of state authorities and management bodies at both the federal and regional levels (Loginova, Galuliuna, 2017; Gichiev, Surakatov, 2014).

The study of the sustainability of the regional economy, connected by commodity and financial flows with other constituent entities of the Russian Federation and foreign countries (economic entities), determines the direction of the analysis of the organization of its foreign economic activity. In this case, the foreign economic activity of the region can be considered as one of the bases for the development of the country's economy as a whole, which is recognized at all levels of economic management (Degtyarev, Veselova, 2021).

The sustainability of the existing economic relations is the basis for the sustainability of the economic system of the region, and their improvement will enable to formulate trends for their long-term development. In such a system, mechanisms contributing to the leveling of the negative consequences of crisis phenomena in the economy of both constituent entities of the Russian Federation and the entire country come first. Therefore, the greatest attention should be paid to the organization of new areas of economic activity of the regions, namely, foreign economic activity. The latter can give both a positive and negative financial result, which can either strengthen or "shake" the sustainability of the state of the socio-economic system of the region. This confirms the thesis that the stable state of the socio-economic sphere of the constituent entity of the Russian Federation with equal external and internal influences will deviate less from its optimal level (Osipov G., Karepova S., Chizhevskaya E., Gnatyuk M., Semin A., Mikhayluk O. 2018; Veselova, 2016).

Based on the above, the most urgent problem related to the functioning of the region's foreign economic sphere and its sustainability will be the issue of taking preventive measures to prevent possible threats generated by foreign trade relations. It is necessary to remember that building relations with foreign partners should trigger the development of the economy of the constituent entity of the Russian Federation. Import substitution and increased export of high-tech products should be the priority areas of the region's foreign trade.

The foreign economic activity of the region may be associated with a number of negative factors that hinder it. They include the high level of international competition, as well as the instability of the situation in the foreign exchange market, the emergence of new power centers in the world and regional economy.
The economic sustainability of the region in the foreign economic sphere is determined by a number of evaluation criteria generated by foreign trade and state support for foreign economic activity. It is advisable to include the following in the group of such indicators:

- share of exports in GRP;
- export volume of industrial products;
- staffing of exporting organizations;
- volume and dynamics of regional budget revenues from exports;
- amount of VAT refund to exporters;
- volume of state support for export-oriented business entities at the expense of the federal and regional budgets;
- available financial resources of exporters, etc.

Thus, foreign economic activity has every chance to become an effective way to accelerate the economic growth of constituent entities of the Russian Federation, since it:

- creates new jobs and often requires an increase in the level of personnel qualification;
- creates conditions for the production of competitive products;
- contributes to the growth of production volumes and, as a result, the tax base;
- enabling to get additional revenue, provides an investment resource for the development of production (Gichiev, Surakatov, 2014; Bukhtiyarova, Demyanov, Tenetko, Nemykina, 2020).

Factors influencing the efficiency of the region's foreign economic activity are shown in Figure 1.

<table>
<thead>
<tr>
<th>Determinants of foreign economic activity of the constituent entity of the Russian Federation</th>
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<td>- geographical location of the region;</td>
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<td>- foreign economic potential of the region;</td>
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<td>- regulatory framework;</td>
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<tr>
<td>- market conditions for export goods;</td>
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<td>- market conditions for import goods;</td>
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<tr>
<td>- commodity structure of exports;</td>
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<tr>
<td>- commodity structure of imports;</td>
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<tr>
<td>- country export structure;</td>
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<tr>
<td>- country import structure;</td>
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<tr>
<td>- state support for exports, etc.</td>
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The strategy of organizing foreign economic activity at the sub-federal level should take into account: the availability of appropriate infrastructure or provide for its formation, the implementation of import substitution policy, investment policy, etc.

Any result of foreign economic activity that contributes to the sustainability of the region's development can be considered positive. At the same time, the effect can be used as a basis for assessing the economic efficiency of foreign economic activity of a constituent entity of the Russian Federation, and its maximum value can be considered as an indicator of the economic efficiency of foreign economic activity.

The assessment of economic efficiency is carried out to compare alternative options for interaction with foreign counterparties and optimize the structure of exports and imports, as well as to provide additional revenues to the sub-federal budget on this basis, which will have a positive impact on the state of the regional economy as a whole (Larionova, 2012).

4 CONCLUSIONS

The above information enables to conclude that the foreign economic activity of the constituent entity of the Russian Federation is both an external and internal factor in the formation of a stable economy in the region. At the same time, it is necessary to take into account the factors that have a direct impact on the sustainability of foreign economic activity itself. One of these factors is the state support for regional exports and the system of state regulation of foreign trade.

The sustainability of the regional economy may be disrupted due to the emergence of conditions of uncertainty in the domestic market when producers will focus on the evolution of economic relations with their foreign counterparts, which are in a more stable state. In addition, it is important to take into account that the functioning of economic entities is impossible in some areas of the economy without the purchase of foreign equipment, technologies, raw materials, etc.

The optimized foreign economic activity will contribute to the successful involvement of the constituent entity of the Russian Federation in the system of world economic relations, increase the profit received by constituent entities of foreign economic activity, which will allow sub-federal budgets to receive additional income and strengthen its economic stability (Veselova, 2016).
REFERENCES


