

# Investment Policy of Russia in the Conditions of Globalization and World Integration

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**Abstract**—The purpose of this study is to study the integrated methodological approach of the state policy of the Russian Federation in the framework of modernization and technological development of the Russian economy. Attraction of investments is one of the general ways of development of the economy as a whole, one of the main items that should be on the agenda of the Russian economy. Investments and innovations are necessary conditions for ensuring a balanced development of a socially oriented economy for a long-term perspective. The aim of the research is to evaluate and study the problems in the development, formation and management of investment and innovation activities of Vnesheconombank as a state corporation, which acquires increased relevance. The essential element in the management of modern companies is the understanding of the general laws and laws of this activity.

**Keywords**—investment policy; globalization; Vnesheconombank; integration; strategic; development

## I. INTRODUCTION

The most important direction of the state policy of the Russian Federation is the modernization and technological development of the Russian economy. The modern nature of the reforms aimed at increasing competitiveness and economic growth determines the progress of the country's social and economic development for the immediate and long-term prospects.

In such conditions, the role of investment activity as a system of factors affecting the renewal of the structure of the economic complex of the Russian state increases. In the context of the geopolitical crisis and the sanctions of Western countries, Russia has faced the problem of lagging behind in innovative development from the more developed American and European economies.

Nevertheless, the country's leadership developed the Strategy for Innovative Development of the Russian Federation for the period until 2020, where the only way to achieve the goals of long-term socioeconomic development of Russia is to transition the economy to an innovative socially oriented development model [1].

## II. OBJECTIVES AND METHODS

The purpose of the publication is the need to evaluate and explore in a different way the problems of development,

formation and management of investment and innovation activities, which acquire increased relevance. The essential element in the management of modern companies is the understanding of the general laws and laws of this activity. An analysis of the scientific community's discussions on these issues allows us to draw the following conclusion. The necessary conditions for achieving this goal include the modernization of the domestic economy based on high-tech industries, which will increase the competitiveness of the subjects of the Russian Federation, create conditions for sustainable economic growth of the country as a whole [12], [13], [14].

## III. RESULTS AND DISCUSSION

### A. The Influence of the Processes of Globalization and World Integration on the Contemporary Development of Russia

According to analysts, globalization is a combination of the processes of shaping the world economic order on the basis interconnection and interdependence of national economies. As an integration basis, the intensification of the international division of labor and broad global nationalization of the economy and the like are considered. Globalization is a new global business order that limits the sovereignty of states in economic life. At the same time, states are constantly faced problems whose resolution is for the most part outside their borders, which stimulates the formation of both subnational and regional levels and management systems. In other words conditions are created for the development of the autonomy of countries from different regions, the unification of their economies, and the strengthening of regional currencies. Thus, there is a development of two interrelated, but contradictory directions - globalization and regionalization. At the same time, experts agree that the process of globalization is impossible without an accelerating regionalization that unites national economies into a single regional economic complex [15].

Consequently, the combination of autonomization and integration processes has become a characteristic feature of globalization in the economy. This is reflected in the "paradox of Naisbitt", the higher the level of globalization of the economy, the stronger its tiniest participants. Proceeding from this the current stage of economic world development

is characterized from the standpoint of a powerful development of global integration, that is, globalization and regional integration processes, which, on the one hand, is viewed as a mutual complement of integration processes, and, on the other, problematic global decision-making.

Processes of regionalization in the context of globalization represent particular scientific interest. It stated that the modern world economy is imbued with regional integration groups such as the North American Free Trade Area (NAFTA); Zone of the "Great Chinese Economy"; European Union; The Eurasian Economic Community (EurAsEC); Japan and the ASEAN Group; South American Common Market (MERCOSUR), etc. Thus, based on the processes taking place in the world economy, economic scenarios of the development of the world order, the opinions of a number of domestic and foreign scientists, we can state that a multipolar structure of the world economy comes to replace the unipolar one, connected with the economic, military and political might of the United States. The following economic centres: North America (USA), South

America (Brazil), the European Union (Germany), East Asia (China), the Eurasian Economic Community (Russia) will be included into the strategic plan of the multipolar world.

According to professor of the London School of Economics Danny Kua, by the middle of the XXI century the center of economic activity will shift from west to east and will be between India and China. A study of the socioeconomic development of the world's leading economies confirms this trend, as a result China will be labeled as a new world leader. According to the forecasts of leading economists by the end of 2015, the Chinese economy can bypass the American economy for the first time, which follows from the updated base of macroeconomic forecasts of the IMF on October 7, 2014. By that time, China's GDP at purchasing power parity (PPP) will be \$ 17.6 trillion, and the United States GDP - \$ 17.4 trillion. This trend is confirmed by the forecast of GDP for the long-term perspective of the countries of the world - G10, according to the version of Photius Coutsoukis. The data is given in "Table I".

TABLE I. FORECAST OF GDP

No.	Country	2020 y.	2030 y.	2040 y.	2050 y.
1	China	7070	14312	26439	44453
2	USA	16415	20833	27229	35165
3	India	2104	4935	12367	27803
4	Japan	5221	5810	6039	6673
5	Brazil	1333	2189	3740	6074
6	Russia	1741	2980	4467	5870
7	Great Britain	2285	2649	3201	3782
8	Germany	2524	2697	3147	3603
9	France	1930	2267	2668	3148
10	Italy	1553	1671	1788	2061

<sup>a</sup> Source: Compiled by authors according to data [2]

<sup>b</sup> Unit: \$ bn

By the end of the forecast period, China will overtake the US and become the largest economy in the world, but it will not happen until 2022, as the US will continue to build up the economy, and the growth rate of the Chinese economy will decrease. By this time, the Indian economy will become the third economy of the world, far ahead of Japan. Brasilia will overtake the Great Britain and Germany and will become the fifth largest economy in the world. By 2050, Russia will occupy the 6th place in the rating of the world's economies with GDP of about \$ 5.9 trillion. The Turkish economy by 2028 could outstrip the French and Italian economies and become the largest in Europe with GDP more than \$ 3.4 trillion. By the 2040-2050's, the top 30 largest economies in the world can enter Iraq, Egypt and Nigeria.

In 2016, the post-Soviet integration processes turned 25 years old. The creation and development of the Union State, the CIS, the Customs Union, the BRICS, APEC, the Eurasian Economic Community, the SCO and others can serve as illustrative examples of integration processes. [3].

In the HSBC survey for the largest economies of the CIS - Russia, Kazakhstan and Belarus - trade relations within the region and with the European Union are losing their former

importance as trade with China and other Asian countries grows.

The states-participants of the Customs Union of the EurAsEC countries are Kazakhstan (from July 1, 2010); Russia (since July 1, 2010); Belarus (since July 6, 2010); Armenia (since October 10, 2014); Kyrgyzstan (since May 8, 2015). In 2015, Tunisia and Syria announced their intention to join the Customs Union of the EAEC. The BRICS countries account for 26% of the Earth's territory, 42% of the world's population and 14.6% of the world's GDP. Brazil, Russia, India and China have a significant integration potential, the implementation of which will influence the global processes more. Nevertheless, the BRICS countries trade with the G7 countries more than 3 times actively (turnover in 2012 is \$ 1,817.64 billion) than with the BRICS countries (turnover between each other is \$ 595.81 billion). Prerequisites for the modernization of the domestic economy on the basis of high-tech industries aimed at economic growth of the state as a whole and the subjects of the Russian Federation in particular has been created by economic integration of Russia and the European Union.

### B. Increase of Competitiveness and Diversification of the Russian Economy, Stimulation of Investment Activity

In 2016, the impact of the negative shock associated with a sharp drop in oil prices was gradually exhausted, but Russian economy continued to decline. During this period, inflation significantly limited purchasing power. In the first half of 2016, real incomes and consumer spending quickly declined. Investment demand also continued to fall amid tight credit constraints and a reduction in public investment. In the second quarter of 2016, GDP dynamics reached a low point, after which economic activity began to increase gradually. The situation on world commodity markets began to improve. The weakening of the ruble stimulated the

export-oriented sector. The growth of exports not only mineral raw materials, but also products of machine building, chemistry, metallurgy and wood accelerated. This became the driver of growth in industrial production in general, which for 2016 showed an increase of 1.3%. Good weather conditions ensured record figures of grain harvest, which also contributed to the resumption of economic growth in the second half of the year. High interest rates stimulated a continued high propensity to save with unsustainable income dynamics. In the second half of 2016, high growth rates of investments in the fuel and energy sector, export-oriented industries, wholesale trade, and financial services replaced the decline in investment demand (see "Fig. 1").

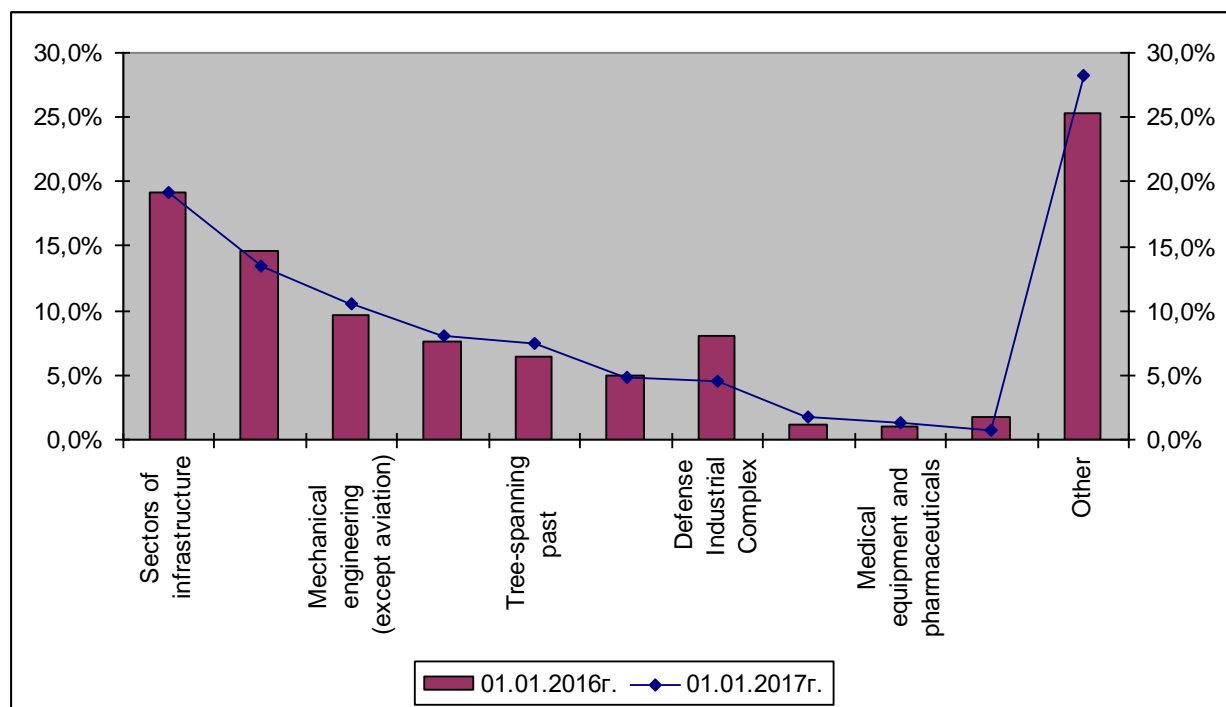


Fig. 1. Branch structure of the development loan portfolio of the Development Bank, %.

a. Source: [5]

Under the current conditions, Vnesheconombank fulfilled its obligations in full on financing investment projects, projects to support exports and other projects and transactions. Developed a new business model of Vnesheconombank, in accordance with which the bank's activity is focused on the implementation of key state priorities in the economy, including:

- on financing projects that require a large amount of investments, for which the co-financing mechanism is used - attraction of funds from banks and foreign investments;
- on investing in breakthrough technologies.
- according to this model, the task is to complete and put into operation the objects within the framework of more than 20 projects, which, subject to co-financing within 2 years, will have a positive effect on

providing a contribution to GDP formation, creating high-performance jobs and increasing budget revenues.

As of the end of 2016, Vnesheconombank participated in the financing of the following projects [5]. In the reporting year Vnesheconombank's participation in the sale was completed. The funds provided by the Bank in debt and share forms were returned in full. The budgetary effect from the implementation of these projects amounted to about 23.8 billion rubles, created more than 1,338 new jobs.

In particular, in 2016-2017, Vnesheconombank's participation in projects such as [5]:

- carrying out R & D for the modernization of the Ka-226 helicopter. The result of the project is the organization of a mass production of the light multi-

purpose helicopter Ka-226T, which has unique flight characteristics;

- reconstruction and technical re-equipment of the scientific and production base for development and production of gas turbine engines of JSC "Klimov". The project envisaged the issuance of the existing production from the center of St. Petersburg, the construction of new buildings, engineering infrastructure, the acquisition of modern high-tech equipment. In 2014, the opening of the first modern design and production building of JSC "Klimov" was held. At the enterprise, production of finished products is established at new production facilities;
- creation of a multifunctional fighter SU-35. The project has been financed by the Bank since 2006. The result of the project was the creation of an ultra-maneuverable multifunctional fighter of the "4 ++" generation. The aim of the project is to increase the export potential of high-tech products of the Russian Federation.
- project to create the production of import substituting pharmaceutical substances and finished medicines in the Yaroslavl region, as well as financing the R & D program of ZAO R-Pharm.

Along with financing new projects, the Bank continued lending to investment projects, which are to be implemented until 2016. The significant events in the reported year are the following investment projects:

- creation of an innovative complex for the development, introduction and production of medicines based on biotechnology and nanotechnology.

Bank participates in the project financing from 2011. The project involves the creation of a pharmaceutical production that meets the standards of GMP. The plant was put into operation, an influenza vaccine is produced.

- construction of CSKA football stadium in Moscow.

The first issue of loan funds was made in 2013. The goal of the project is the construction in Moscow of the CSKA football stadium with a multifunctional complex of commercial real estate of class "A". The project is implemented in order to improve the security of the population of Moscow by the objects of the sports infrastructure.

- construction of the toll highway "Western High-Speed Diameter".

The project involves the construction of a central section (11.6 km) of the toll motorway (46.6 km) "Western High-Speed Diameter" in St. Petersburg, the operation of its three sections (northern, central and southern).

Project is implemented on the terms of public-private partnership.

- construction of a complex for the production of polypropylene capacity of 500 thousand tons per year in Tobolsk.

The result of the project is the creation of Russia's largest complex for the processing of associated gas components with the production of demanded polymer grades. The complex is among the world's top three leaders in terms of polypropylene production.

- creation of a timber industry complex in the Boguchansky district of the Krasnoyarsk Territory.

The project is initiated by Kraslesinvest, a subsidiary of Vnesheconombank (100% owned by the Bank). In 2016, a sawmill complex was put into trial-industrial operation, stable indicators of production were achieved. The company's products are sold to the People's Republic of China.

#### IV. CONCLUSION

The development of the system of strategic planning in modern conditions is an important factor in increasing the competitiveness of the Russian economy, which makes it possible to ensure the development of the potential of new scientific and technological developments. The state on an ongoing basis prepared forecasts for the development of a number of key industries in the medium and long term, including engineering, metallurgy, agriculture and transport. Within the framework of these forecasts, the main factors influencing the dynamics of the development of the corresponding segment of the economy characterizing the development of these sectors of the economy are determined.

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