

## Region in the International Economic Cooperation System

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**Abstract:** The paper presents aspects of contents, types and forms of international cooperation ties and its impact on the region economic development. The concept of the region kernel cooperative interaction is provided and the scope for the Republic of Tatarstan region is defined. The Republic of Tatarstan existing system of external economic ties, peculiarities of its dynamics in recent decades are analyzed and growth prospects estimation of international region production cooperation are given.

**Key words:** International economic cooperation • Regional economics • Cooperation ties analysis • Republic of Tatarstan foreign economic activity

### INTRODUCTION

The modern global economic system is an international economic relations system complex evolution product resulted from extension of international specialization and increasing the level of national economics transparency.

The developing regionalization process of international economic relations assures the integration framework of the Russian regions being previously restricted in many respects into international cooperation ties system in the search for the effective forms of their “embedding” in the system itself [1].

International cooperation ties are irregular in contents, their role in the replenishment process and the scope of business activity participants whereas the structure of the global economic system is irregular itself. They form a specific hierarchy in conformity with the stage of involvement of particular economic system segments into the international cooperation processes, establishing macro cooperation levels (i.e., cooperation interaction between the countries), meso cooperation (i.e., cooperation interaction between the country-subdividing regions) and micro cooperation (i.e., cooperation interaction between the region enterprises).

Enterprises being involved in the international cooperation tend to have higher production development, competitiveness and transparency levels, etc. International cooperation entities are, typically, the

blue-chip companies with sufficient export capacities distinguished by the scope of business and international economic relations growth dynamics [4].

Cooperation is a powerful region growth factor as long as it promotes production specialization awareness and international and regional division of labor, more efficient use of economic resources (i.e., equity, labor, environmental assets), technical progress, increase in labour efficiency and, as a result, gain in public production performance.

International production cooperation has taken the lead in among other forms of enterprise cooperations due to its objective strenghts as follows: increase in production technology level owing to cooperation ties of the economic entities of the country, its efficiency, sales, service, supply, management and R andD effectiveness which means companies, regions and countries competitiveness.

International production cooperation gives a variety of distinct advanatges to Russian regions allowing them to create new or upgrade existing industries with rival products manufacture at far lesser own investments, as well as to improve the industrial engineering by implementing the global management and marketing practices. The conducted regional, economic and social systems analysis shows that international and interregional activities (by the Russian Classification of Economic Activities) are the most effective way to operate.

## **RESULT AND DISCUSSION**

Analysis of international cooperation economic impact on Russian regions shows that its development results in increase in production efficiency due to better use of international labor division benefits, allowing to achieve reequipment and production upgrade, as well as to improve output quality and exports structure. All these positive points of the international cooperation processes in prospect will have beneficial impact on Russian regions economic development level which favors social standards of living improvement.

The Republic of Tatarstan economic capacity and development level obtain prerequisites of the dynamic development of the international cooperation activities. The region is among the largest exporters of the Russian Federation constituents ranking the 4<sup>th</sup> position.

In general, region foreign trade activities in the 2000s had an upward trend. The Republic export markets limitiveness during the crisis exerted negative influence onto the foreign economic relations of the RT alongside with the poor entry to the fast-emerging markets of the newly industrialized countries, raw and weakly diversified exports structure, lack of preventive measures of external economic environment negative impacts effectiveness and strong productive-economic base creation, anti-crisis program inefficiency, limited export capacity, which, in particular, didn't allow to form a more effective structure of the international cooperation system.

According to the official statistics shares of exports in a trade pattern in recent years averaged 90%, the rest 10% were referred to imports. In particular, such ratio is based on the fact that most of consumer imports are performed by wholesalers conducting customs formalities offshore. An estimate of foreign goods and services consumption nearly tripled imports ratio.

Oil (up to 80% of total exports) and oil products (over 10%) exports are of great concern in the Republic of Tatarstan foreign trade. Favorable environment and high demand for raw hydrocarbons at external markets thereupon are at stake of the volume of the republican foreign trade turnover ratio increase.

Exports commodity structure has practically been unaffected comparably to the pre-crisis period displaying its predominantly primary direction.

Republic foreign trade cooperation geography in the 2000's was distinguished by variety of countries and regions being its trading partners.

There were more than 110 countries to maintain foreign trade relationships with dominating European and a series of Asian countries by trading volume. The bulk of turnover is accounted for industrially-developed far-abroad countries which shares in the given period exceeded 80% of the RT export-import operations total volume.

Predominance tendency of the developed European countries in the RT exports, imports, aggregate foreign trade turnover remains unchanged for a quite a long time and needs to redirect trade links in emerging countries growing markets favour, especially newly industrialized and Middle East countries groups.

Turkey is the major Tatarstan foreign trade partner amongst the Islamic world countries.

Oil, chemical and hydrocarbon process industry products head the pattern of the Republic of Tatarstan exports to the Republic of Turkey. Ferrous metals articles, electrical and mechanical equipment, consumer goods and etc. are mainly imported. The global crisis has determined the new channel of cooperation development in-between the Republic of Tatarstan and Islamic countries. Tatarstan has already signed a memorandum of understanding with the International Centre for Education in Islamic Finance (Malaysia) providing for possible foundation of pecuniary institutions such as banks and insurance companies which could function in conformity to Shariah principles.

In general, the Republic of Tatarstan has a well-developed system of foreign trade ties which is distinguished by geographical wideness and variety of relations with prominent raw-oriented exports.

The export potential formed at the range of the republic economics industries, variety of supplies and maturity of the territorial structure let to build up the base of sustainable growth which supports steadiness and progressive performance of socio-economic development.

Expanding the scope of global cooperative exchange with a fundamental drift basis in the international division of labor, economics multipolarity in the new geopolitical background determine necessity of new approaches to the study of international cooperation as a factor of ensuring sustainable dynamic region development, its range and direction extension.

The Republic of Tatarstan alongside with other Russian regions has to develop foreign economic ties strategies, to conduct marketing researches of the particular world market sections in order to take up a favorable position in the international division of labor

system caused by economical globalisation and, what is most notably, to monitor and estimate international cooperation ties opportunities.

Strategic objectives of the Republic of Tatarstan foreign economic activity development should build up safety arrangements based on products competitive growth in the world markets and the Republic economics structure optimization. In this regard foreign activity should boost production technology level enhancement, creation of new competitive exported high-value-added products which enables tax revenues increase and improvement of the population quality of life. Meeting current goals achievement requires creation of new and modernization of the established businesses focused on the global markets with high or advanced competitive level alongside with the maximum assistance in the product promotion of the Republic of Tatarstan to the CIS and non-CIS countries markets.

Structure and dynamics analysis of the Republic of Tatarstan international cooperation ties over the last 10 years has identified the countries entering into the core of stable and dynamically developing economic relations.

The Republic of Tatarstan cooperation interaction kernel within the given context is understood to be a group of countries to build up in the analyzed period stable cooperation ties in between the companies with the high (above 50%) gross share in the global cooperative exchange. The kernel is characterized by the most close, stable and sustainable trade links with principal region.

With the proper level of detail at the middle terms (5-10 years) a series of European countries such as Germany, the Netherlands, Italy, Poland, etc. established themselves as a leading choice by the economic interaction with the Republic. Share of these countries in the region imports structure has been pretty steady and worked out approximately 50% in the average annual basis in imports and exports which let them be included in the region kernel cooperative interaction.

## CONCLUSIONS

One of the main reasons of export flows instability is that the structure of Tatarstan exports has a high proportion of raw materials and a commodity market is extremely sensitive to external, including non-economic, factors.

As a whole, the Republic of Tatarstan international cooperation ties system analysis results in the past decade demonstrate their structure and commercial partners variety. At the same time, the Republic economic sectors export potential is insufficiently used, in general, the exports structure is weakly diversified due to its prominent raw-material orientation.

The low value-added level of exported goods results in that it can compete mainly in the Primary Economic Sector with a low competitive level in the relevant segments. Such pattern of foreign trade ties confirms the Republic limited integration into the international economic cooperation area.

The foreign trade potential currently being implemented within the appropriate market environment makes it possible to develop cooperation ties in the oil refining and petroleum chemistry in an existing depletion control relatively stable in the midterm horizon. In the meantime, low region international cooperation development level indicates the Republic emerging instability in the world market situation due to commodity markets progressive instability and sensitivity to external non-economic factors which eventually diminish the economic security level of Tatarstan.

Trends, structure and international cooperation ties dynamics analysis shows the Republic hasn't formed a group of countries to have long-term and stable relationships with. In this regard one of the international cooperation interaction principal directions should be a region companies competitiveness growth due to its economics industrial structure optimization, as well as entry in the dynamic markets of newly industrialized economies and Middle East countries.

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