

UNIVERSITAT ROVIRA I VIRGILI
FACULTY OF BUSINESS AND ECONOMICS
DEPARTAMENT OF ECONOMICS
MASTER IN INTERNATIONAL MARKETS



**UNIVERSITAT
ROVIRA i VIRGILI**

THE RUSSIAN FEDERATION IN THE PROCESS OF GLOBALIZATION:
CHALLENGES AND PROSPECTS

ESSAY PRESENTED BY:

DARIANA NOVIKOVA

REUS, JANUARY 2020

INTRODUCTION

The fact that globalization gives rise to over-dependency, is most clearly illustrated by the aspirant in the "free world" countries of Eastern Europe, including Russia. Russian politicians convince us that the Russian Federation is a sovereign state. In fact, in my opinion, there is no more dependent state in the world today than the Russian Federation and no more dependent ethnic group than the Russians. First of all, this is due to the globalization, for which Russia was not ready in the early 90's (during the transition period of the country), and for which Russia is not ready now.

GLOBALIZATION AND ITS IMPACT ON THE DEVELOPMENT OF MODERN RUSSIA

Today, Russia depends on globalization like all other objects of world politics. However, the intrigue lies in the fact that in the 21st century, Russia, which is located in the center of Eurasia (and therefore the world), nevertheless found itself on the periphery of the global economy, financial, information and educational systems, as well as markets, communications, research centers and transport and logistics hubs. This means that today Russia not only does not affect the logic of world processes, but also is not able to somehow adjust them even in relation to its own territory. The Russian government, devoid of a clear and national foreign policy doctrine, today has absolutely nothing to oppose or offer to world subjectivity. Russia is only trying to integrate its corporate businesses in the flow of global trends, as well as to interest the largest TNCs in the prospects of developing Russian expanses and resources in exchange for a share in profits. Let's look at some of the consequences of globalization for modern Russia.

NEGATIVE EFFECTS OF GLOBALIZATION ON RUSSIA

First of all, globalization gives advantages to economically developed countries, which is not true of Russia. It is obvious that this is due to the peculiarities of Russia's historical and economic development. Russia moved from a command economy to a market economy much later than the leading countries in Europe and the United States.

Firstly, everyone knows that Russian goods are almost unable to compete with foreign products. Most products produced in Russia are of lower quality than products imported from other countries. As an example, the Russian auto industry can be cited. The Russian auto industry cannot cope with foreign competition in the context of globalization. Even new products of the Russian auto industry, such as "Lada Vesta" are not in demand among the population and the majority of

buyers buy supported foreign cars that are produced in France, China, Japan, Germany, and so on.

Secondly, illegal migration is one of the problems that have arisen as a result of globalization. According to official data, Russia ranked second in the world in terms of the number of migrants in 2010 (after the United States). The increase in the number of migrants leads to an increase in unemployment among the indigenous population. This, in turn, exacerbates social conflicts, increases discontent with the policies implemented at the state level, and contributes to the growth of crime.

Thirdly, the negative side of the globalization process is the outflow of capital. Even industrialized countries, such as the United States, face the consequences of globalization, such as offshore politics. However, such countries have many years of experience in maintaining national competitiveness by reducing the tax burden, which allows at least partially reducing the outflow of capital. But this approach to resolving the issue is still new for Russia.

POSITIVE EFFECTS OF GLOBALIZATION ON RUSSIA

Despite the large number of negative consequences of globalization, there are also positive effects of globalization for Russia.

Firstly, Russian manufacturers are motivated to improve their products, improve their quality and competitiveness. The development of Russian industry in the context of globalization is rapidly increasing its turnover. Russian companies are entering the international market and opening their branches abroad, which makes it possible to create a large number of free places for small and medium-sized businesses and gives a good impetus to the development of the Russian economy as a whole.

Secondly, another example of the impact of globalization on the Russian economy is Russia's accession to the WTO. In addition to the negative impact on the development of the economy, there are also positive aspects. Positive aspects are: greater opportunities for Russian investors to participate in the economies of the WTO member countries, and improved image of the country as an equal participant in world trade.

THE RUSSIAN FEDERATION IN THE PROCESS OF GLOBALIZATION IN 2020 – 2025

In the modern world, globalization has a certain impact on the Russian Federation. Russia's involvement in the processes of globalization changes all spheres of

Russian life to a certain extent. Interaction with foreign partners in the business of helping Russia in the development of the economy. The creation of international political projects and the organization of cultural events that promote cultural interaction between Russian citizens and foreign citizens lead to the fact that Russia has a certain level of integration into the globalization processes.

But at the same time, there are problems, most often political, that make Russia not actively involved in globalization, and in some cases, it is completely isolated. Therefore, in my opinion, it is necessary to consider the prospects for Russia's participation in globalization for the next five years. I guess that there are three scenarios for the development of the situation:

1. Closing the borders of the Russian Federation to the outside world, isolation from globalization;
2. Development of the current scenario of Russia's participation, which is happening now;
3. Russia's deeper involvement in globalization and increased integration into these processes.

CLOSING THE BORDERS OF THE RUSSIAN FEDERATION TO THE OUTSIDE WORLD, ISOLATION FROM GLOBALIZATION

The first scenario that I will consider is the possible isolation of Russia from the world and the termination of participation in the globalization processes.

“Criteria for the probability of ending Russia's participation in globalization”

Success criteria (this will be if...)	Consequences	Degree of probability
1. Russia will close its external borders to other countries; 2. Russia will cease to carry out international trade; 3. Russia will systematically violate international conventions; 4. Russia will begin full-scale testing of nuclear weapons; 5. Russia will withdraw from key international organizations and	1. Russia's GDP will fall several times; 2. Economic development will be completely suspended; 3. Multibillion-dollar international contracts will break; 4. Foreign investment in Russia will be stopped; 5. Russia will lose influence and authority at the international level; 6. Cultural globalization in Russia will be slowed	This scenario is unlikely, despite the confrontation with Western countries, which, in fact, are the initiators of globalization processes. For example, Russia carries out economic development, political contacts, and cultural exchange in many areas, and has good mutually beneficial relations, for example, with Asian countries. Therefore, there are no

integration associations (WTO, UN, EAEC, etc.).	down.	explicit prerequisites for this scenario.
---	-------	---

This scenario is less likely because Russia remains a major global player that successfully cooperates with many countries. Russia is a member of the UN security Council and it is very unlikely that Russia will come out of it. At the moment, Russia is quite firmly integrated into the world economy, which will not allow it to simply isolate itself from the globalization processes. Russia has long been too tied up in relations between States. Therefore, for its own benefit, Russia does not have the right to simply isolate itself from the world.

DEVELOPMENT OF THE CURRENT SCENARIO OF RUSSIA'S PARTICIPATION, WHICH IS HAPPENING NOW

The second scenario that I will consider is the continuation of the current course of development in the context of growing globalization processes.

“Criteria for the probability of continuing the current course of development in the context of globalization”

Success criteria (this will be if...)	Consequences	Degree of probability
1. Russia's continued development of integration associations (EAEC); 2. Potential development of political thought of the current political elite in the future; 3. The appearance of long-awaited benefits and getting their dividends from previously made decisions; 4. Continuation of the plan to preserve its sovereignty by following the concept of national security, and defending its positions at the international level.	1. Russia's continued participation in current international organizations and potential entry into new ones; 2. Russia's participation in solving many global problems; 3. Possible long-term confrontation with the West; 4. Establishing even closer relations between Russia and countries in other regions, such as the Asia-Pacific region; 5. Russia's possible entry into high-quality economic growth by flexibly taking advantage of globalization.	This scenario is most likely due to the successful conduct of foreign policy in the context of globalization. Russia will also maintain its sovereignty and will not lose its cultural identity, while Russia will be set up for mutually beneficial cooperation in order to compete adequately on the world market in the conditions of globalization processes.

This scenario is most likely due to the current political situation in the country. Russia is ready to liberalize trade barriers, but in a gradual way, without actually blurring borders or the pressure of transnational capital, following its own national interests.

RUSSIA’S DEEPER INVOLVEMENT IN GLOBALIZATION AND INTEGRATION INTO THESE PROCESSES

In the third scenario, will be considered a deeper participation of Russia in the globalization process and enhancing integration into them.

“Criteria for the probability of Russia's deeper participation in globalization”

Success criteria (this will be if...)	Consequences	Degree of probability
1. Russia to dramatically change its political course towards the classical liberal paradigm; 2. Russia will adhere to more friendly economic and political relations with Western countries, which, in fact, launched the modern processes of globalization; 3. Russia will cancel the visa regime with many countries; 4. Russia will implement a foreign policy that will make excessive concessions to Western countries; 5. Russia will interact more closely with countries around the world; 6. Russia will abandon its geopolitical interests.	1. Possible loss of the sovereignty of Russia and the state as an institution; 2. Turning Russia into a state that will feed strong international players; 3. Sharp liberalization of economic barriers; 4. Gradual loss of cultural identity due to aggressive spread of mass culture; 5. Siphoning resources from Russia on unfavorable terms.	This scenario is unlikely if Russia follows its national interests. Russia's radical participation in globalization will only have disadvantages that will have a fatal impact on the state as a whole.

You need to understand that this scenario is unrealistic, but you need to make decisions with an eye on it, so that it does not lead to the loss of cultural and state identity. As is notorious, many Western countries would like to weaken Russia and

remove all resources from it. Therefore, Russia should take a flexible part in the globalization processes: that is, not shutting itself off from the world, following its national interests.

CONCLUSION

In conclusion, I would like to say that globalization has a positive impact on the well-being of the country's population as a whole, increasing the standard of living, but it creates certain threats for the Russian economy. In the context of globalization, Russia will be able to realize its huge potential only with a competent state policy.

International experience shows that joining the WTO can bring many more benefits if the country's authorities are engaged in improving the investment climate. Otherwise, this may lead to the closure of many Russian companies. Machine-building, light industry and wood processing will be among the most affected sectors of Russian industry, as the import duty on the products of these industries is high, and the share of exports is low. Russia is one of the countries that make important decisions for the development of globalization, so Russia has a special role in the process of globalization and is able to create a favorable climate for Russian industry to reach the world level.

The main achievement in this work is the development of three scenarios for Russia's participation in globalization:

1. Radical closure of borders and isolation from the world.
2. Continuation of the current course of international development
3. Russia's radical participation in globalization.

In modern international relations, it is most likely that Russia will continue the current course of foreign policy development. This course of development will facilitate flexible participation in globalization, without fully submitting to the growing interdependence, because complete submission can lead to the loss of sovereignty and statehood of Russia as a whole, which in this case is a disaster.

In my opinion, Russia will continue to establish economic ties with many countries, participating in major international economic projects, on mutually beneficial terms, which in the future may lead to the liberalization of trade barriers and subsequent integration.