

## **Lecture 2. Fundamentals of state regulation of foreign economic activity.**

**The goal of lecture** is to consider basics of state regulation of foreign economic activities and its directions.

The main objective of lecture:

- 1) Foreign economic activity of Kazakhstan.
- 2) The main directions of state regulation of foreign economic activity in the Republic of Kazakhstan.
- 3) Development of foreign economic activity of Kazakhstan.

1) Currently, in connection with the ongoing integration processes of managing the national economy of Kazakhstan, it is quite relevant to study issues in the field of international economic relations. Foreign economic activity of Kazakhstan is carried out both at the state level and at the level of individual economic entities. A rational foreign economic policy of the state can lead to an increase in the growth rate of national income, an acceleration of scientific and technological progress, an increase in the concentration of production and the efficiency of capital investments. The authors of the article studied the conceptual apparatus of foreign economic activity.

According to the results of the study, it was concluded that in the Republic of Kazakhstan, the infrastructure for managing foreign economic activity was mainly formed, an international image of the republic as a serious and reliable partner was formed, and the necessary prerequisites for integrating Kazakhstan into world economic relations were laid.

Foreign economic activity (FEA) is a set of methods and means of trade and economic, scientific and technical cooperation, monetary, financial and credit relations with foreign countries. Foreign economic activity of Kazakhstan is understood as the activity of subjects of this sphere of activity on the export, import of goods (services), on foreign investment, insurance, joint entrepreneurship in the field of material and other production in order to form and establish a market economy of the republic, its entry into the world economy and, most importantly, meeting the needs of the population of the republic [1].

The main goals and directions of development of foreign economic activity:

- restoration and development of the country's export potential;
- use of foreign loans for technical re-equipment;
- increasing the competitiveness of goods in the foreign market based on the modernization of production;
- changes in the structure of imports by increasing the share of industrial products in the form of high-precision technologies;
- ensuring the country's economic security by improving exports and imports.

2) Each country has the right to choose and mutually beneficial cooperation with

other states in all spheres of economy and politics. Foreign economic activity is carried out both at the state level and at the level of individual economic entities. In the first case, foreign economic activity is aimed at establishing interstate frameworks for cooperation, creating legal, trade and political mechanisms that stimulate the development and increase the efficiency of foreign economic relations. A rational foreign economic policy of the state can lead to an increase in the growth rate of national income, an acceleration of scientific and technological progress, an increase in the concentration of production and the effective use of capital investments, etc [2].

To do this, it is necessary to take into account the following factors in the development of state regulation of foreign economic activity:

1. Unevenness of economic development in different countries of the world. Each country has its own structure of industries, a different level of development of the agricultural industry, transport, communications, services, its own specialization in the economy.

2. The difference in human, raw material, financial resources. Every year 25 million people move around the world in search of work. There are countries with surplus labor resources: India, China, Bangladesh, Pakistan, Nigeria and others. And also there are regions: Western Europe, USA, Middle East, South America, which need an influx of workers. Therefore, the movement of workers from country to country, regulated by the International Labor Organization, is an objectively necessary process, contributing to the development of foreign economic activity.

3. The nature of political relations. The strengthening of foreign economic activity is facilitated by the presence of friendly political relations between the countries. And, on the contrary, political confrontation sharply reduces foreign trade turnover, up to the rupture of economic ties.

4. Different levels of scientific and technological development. The formation of foreign economic activity is facilitated by the exchange between countries of students, trainees, researchers, teachers; conducting joint research, experiments; participation in geological and archaeological expeditions; execution of contracts for design, research and development work.

3) The development of foreign economic relations requires the acceleration of the development of a list of investment projects with an appropriate feasibility study (FS) to attract foreign investors and creditors. It is necessary to develop bilateral agreements on mutual protection of investments with the main trading partners, at the same time to join the existing international agreements in this area.

Within the framework of the analysis of foreign experience in foreign economic activity regulation, of great scientific and practical interest, of course, is the experience of such commercial and industrialized countries as Japan and China. The active participation of the state in the organization and implementation of foreign economic activity is a characteristic feature of the “land of the rising sun”. The state is the main organizer, regulator and controller of foreign economic activity to ensure high efficiency through the development of a scientifically grounded foreign economic activity that comprehensively takes into account the interests and capabilities of the country at every stage of its development [1].

### **Questions for self-control:**

1. What is foreign economic activity?
2. List main goals and directions of development of foreign economic activity.
3. What kind of factors influence to the development of state regulation of foreign economic activity?
4. What is the role of the country in foreign economic activity?

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5. "Customs Code of the Eurasian Economic Union" (as amended on 29.05.2019) (appendix No. 1 to the Agreement on the Customs Code of the Eurasian Economic Union). Available at: [https://online.zakon.kz/Document/?doc\\_id=36041210](https://online.zakon.kz/Document/?doc_id=36041210)