HOME

Revista ESPACIOS 🗸

ÍNDICES / Index ✓

A LOS AUTORES / To the AUTORS •

Vol. 40 (Number 20) Year 2019. Page 28

# The Republic of Buryatia in the new space of Siberia and the Far East

## La República de Buriatia en el nuevo espacio de Siberia y el Lejano Oriente

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#### Contents

- 1. Introduction
- 2. Methods
- 3. Results
- 4. Result 2 5. Discussion
- 6. Conclusion

Acknowledgments

Bibliographic references

#### **ABSTRACT:**

In November 2018, the structure of the federal districts of Russian Federation was reorganized: the Republic of Buryatia and the Zabaikalye Territory were transferred from the Siberian District to the Far Eastern Federal District. The article analyzes the structure of federal districts before and after the reform, as well as presents the assessment of the status of the two regions in the structure of the donor and recipient federal districts, revealing positive and negative features caused by the change of federal districts for the Republic of Buryatia. The Siberian and the Far East regions have similar problems in social and economic development, which are associated with demographic and climatic restrictions. The Republic of Buryatia is also subject to significant environmental restrictions due to Baikal factor. The combination of noted factors determines the need for transformation of the regional economy under the brand of the knowledge-based economy center. The authors propose certain measures to implement the knowledge-based economy strategy.

Keywords: federal district, spatial organization, Siberia, Far East, Republic of Buryatia, cognitive potential.

#### **RESUMEN:**

En noviembre de 2018, se reorganizó la estructura de los distritos federales de la Federación Rusa: la República de Buriatia y el Territorio de Zabaikalye se transfirieron del Distrito de Siberia al Distrito Federal del Lejano Oriente. El artículo analiza la estructura de los distritos federales antes y después de la reforma, así como presenta la evaluación del estado de las dos regiones en la estructura de los distritos federales donantes y receptores, revelando características positivas y negativas causadas por el cambio de los distritos federales por la República de Buriatia. Las regiones de Siberia y el Lejano Oriente tienen problemas similares en el desarrollo social y económico, que están asociados con restricciones demográficas y climáticas. La República de Buriatia también está sujeta a importantes restricciones ambientales debido al factor Baikal. La combinación de factores señalados determina la necesidad de transformación de la economía regional bajo la marca del centro de economía basada en el conocimiento. Los autores proponen ciertas medidas para implementar la estrategia de economía basada en el conocimiento.

Palabras clave: distrito federal, organización espacial, Siberia, Extremo Oriente, República de Buriatia, potencial cognitivo.

# 1. Introduction

The spatial organization of the Russian Federation in the context of allocation of federal districts was formed at the beginning of the 21st century. According to Putin's Decree, No. 849 "On the plenipotentiary representative of the President of the Russian Federation in the federal district" of May 13, 2000, seven federal districts were created. These federal districts are neither entities nor any administrative-territorial units since were established similarly to military regions and economic areas (Tsyrenov, 2018).

During the existence of the federal district, their internal system underwent several changes. In 2010, the North Caucasus Federal District was separated from the Southern Federal District. In 2014, the Crimean Federal District was formed, which later in 2016 was attached to the Southern Federal District (Table 1). The recent change concerns the transfer of the Republic of Buryatia (RB) and the Zabaikalye Territory (ZT) from the Siberian Federal District (SFD) to the Far Eastern Federal District (FEFD). This relocation of the two federal entities took place in November 2018 (Table 2).

Table 1 Structure of federal districts of the Russian Federation before November 2018

Federal districts		Area		Pop	ulation	1		GRP		Cost of	BPA [	2]	Investments		
	Thousand km3	% to	Range	Thousand people	% to	Range	MIn rubles	% to	Range	MIn rubles	% to	Range	MIn rubles	% to RF	Range
Central Federal District	650.25	3.39	6	39,311.4	25.91	1	22,713,911	34.95	1	58,400,591	31.84	1	3,795,986	26	1
Northwestern Federal District	2,276.88	11.87	4	15,107	9.96	6	6,790,148.1	10.45	4	20,330,095	11.08	4	1,660,840	11.37	4
Southern Federal															

District	447.82	2.33	7	16,441.9	10.84	4	4,590,595	7.06	6	14,201,426	7.74	6	1,110,446	7.6	6
North Caucasian Federal District	170.44	0.89	8	9,823.5	6.47	7	1,704,330.8	2.62	8	4,515,820	2.46	8	484,958	3.32	8
Volga Federal District	1,036.98	5.41	5	29,542.7	19.47	2	9,916,064.2	15.26	2	253,29,929	13.81	3	2,429,023	16.63	3
Ural Federal District	3,282.67	17.12	3	16,048.6	10.58	5	8,980,445.7	13.82	3	33,650,787	18.35	2	2,730,971	18.7	2
Siberian Federal District *	5,145	26.83	2	17,230.2	11.73	3	6,751,925.9	10.39	5	15,338,111	8.36	5	14,053,38	9.62	5
Far Eastern Federal District **	6,169.3	32.17	1	8,222.6	5.60	8	3,549,618.5	5.46	7	11,636,934	6.34	7	98,5157	6.75	7
Total:	19,179.32	100		14,6880	100		64,997,039	100		183,403,693	100		14,602,719	100	

Table 2

Structure of federal districts of the Russian Federation after November 2018 **Cost of BPA Population GRP** Area **Investments Federal** MIn MIn Mln Thousand Thousand districts % to % to % to % to % to Range Range Range Range Range RF RF RF **RF RF** km3 rubles rubles rubles people Central **Federal** 25.91 1 34.95 1 31.84 District 650.25 3.39 6 39,311.4 22,713,911 58,400,591 3,795,986 26 1 Northwestern **Federal** 9.96 1,660,840 **District** 2,276.88 11.87 | 4 15,107 6 6,790,148.1 10.45 4 20,330,095 11.08 | 4 11.37 | 4 Southern **Federal** 447.82 2.33 7 16,441.9 10.84 4 4,590,595 7.06 7.74 1,110,446 7.6 District 6 14,201,426 6 6 North Caucasian **Federal** 9,823.5 7 District 170.44 0.89 8 6.47 1,704,330.8 2.62 4,515,820 2.46 8 484,958 3.32 8 Volga Federal 9,916,064.2 | 15.26 | 2 **District** 5 29,542.7 19.47 2 13.81 | 3 16.63 | 3 1,036.98 5.41 25,329,929 2,429,023 **Ural Federal** 2 **District** 3,282.67 17.12 | 3 16,048.6 10.58 | 5 8,980,445.7 | 13.82 | 3 33,650,787 18.35 | 2 2,730,971 18.7 **Siberian Federal** 22.74 2 6,298,922.1 | 9.69 **District** \* 17,230.2 11.36 3 5 13,805,339 7.53 5 5 4,361.73 1,290,510 8.84 **Far Eastern Federal** 7 7 District \*\* 6,952.55 36.25 1 8,222.6 5.42 8 4,002,622.3 6.16 13,169,706 7.18 7 1,099,985 7.53 100 146,880 100 64,997,039 100 14,602,719 Total: 19,179.32 183,403,693 | 100 100

# 2. Methods

The conducted analysis is based on an array of publicly available statistical information, to which a set of analytical tools was applied (Chimitdorgieva et al., 2016, Tsyrenov et al., 2015). The calculated indicators characterize both the static scenario and the dynamic change of the studied objects (Mikhailova et al., 2017). In addition, structural indicators were calculated to assess the proportion of each entity under study.

In consequence of the conducted reform, the status of the SFD and FEFD in the structure of the federal district has not changed at all: they continue to occupy the same positions on all the investigated indicators. Now more than 1/3 (36.25%) of the country's territory belongs to the FEFD, where the smallest portion of the population lives (5.42%).

The transfer of RB and ZT to FEFD provides only population growth; in terms of population, new regions are second only to Primorye

Territory and Khabarovsk Territory. In the newly created FEFD, a vast sparsely populated territory is formed, which is located between the two extreme points of Vladivostok-Khabarovsk and Ulan-Ude-Chita.

In terms of the region-independent indicator (area), the RB ranks fourth in the structure of the SFD, while in terms of indicators that directly depend on the actions of the regional administration, it ranks ninth (Table 3). In the FEFD, the RB continues to be in the third quarter of the rating (Table 4).

 Table 3

 The role and the place of the Republic of Buryatia and Zabaikalye Territory in the structure of SFD

Federal districts	Area			Population			GRP			Cost of BPA	1		Investme	nents				
alourous	Thousand km3	% to SFD	Range	Thousand people	% to SFD	Range	Mln rubles	% to SFD	Range	Mln rubles	% to SFD	Range	Mln	% to SFD	Range			
Republic of Altai	92.9	1.81	11	217.0	1.12	12	41,776.8	0.62	12	127,913	0.83	11	12,338	0.88	11			
Republic of Buryatia	351.3	6.83	4	984.1	5.09	9	204,156.2	3.02	9	609,133	3.97	9	30,812	2.19	9			
Republic of Tyva	168.6	3.28	7	318.6	1.65	11	47,287.3	0.70	11	91,880	0.60	12	8,556	0.61	12			
Republic of Khakassia	61.6	1.20	12	537.7	2.78	10	171,663.9	2.54	10	417,845	2.72	10	26,766	1.90	10			
Altai Territory	168	3.27	8	2,365.7	12.24	5	492,138.9	7.29	6	871,625	5.68	8	75,285	5.36	8			
Zabaikalye Territory	431.9	8.39	3	1,079.0	5.58	7	248,847.6	3.69	8	923,639	6.02	7	84,016	5.98	7			
Krasnoyarsk Territory	2,366.8	46.00	1	2,875.3	14.88	1	1,618,166.0	23.97	1	3,227,379	21.04	1	419,060	29.82	1			
Irkutsk Region	774.8	15.06	2	2,408.9	12.46	4	1,013,542.3	15.01	2	2,528,848	16.49	2	258,493	18.39	2			
Kemerovo Region	95.7	1.86	10	2,708.8	14.02	3	842,618.9	12.48	4	2,404,891	15.68	3	156,835	11.16	3			
Novosibirsk Region	177.8	3.46	6	2,779.5	14.38	2	980,850.5	14.53	3	1,944,305	12.68	4	143,500	10.21	4			
Omsk Region	141.1	2.74	9	1,972.7	10.21	6	617,184.4	9.14	5	1,018,884	6.64	6	88,103	6.27	6			
Tomsk Region	314.4	6.11	5	1,078.9	5.58	8	473,693.1	7.02	7	1,171,769	7.64	5	101,575	7.23	5			
Total:																		

**Table 4**The role and the place of the Republic of Buryatia and Zabaikalye Territory in the structure of FEFD

· · · · · · · · · · · · · · · · · · ·																	
Federal districts	Area			Population			GRP			Cost of BPA	1		Investme	nts	ts		
districts	Thousand km3	% to FEFD	Range	Thousand people	% to FEFD	Range	Mln rubles	% to FEFD	Range	Mln rubles	% to FEFD	Range	Mln rubles	% to FEFD	Range		
Republic of Buryatia	351.3	5.05	8	984.1	11.93	4	204,156.2	5.10	7	609,133	4.63	7	30,812	2.80	9		
Republic of Sakha (Yakutia)	3,083.5	44.35	1	962.8	11.68	5	749,987.5	18.74	2	2,025,084	15.38	3	275,273	25.03	1		
Zabaikalye Territory	431.9	6.21	6	1,079.0	13.09	3	248,847.6	6.22	6	923,639	7.01	6	84,016	7.64	6		
Republic of Altai	464.3	6.68	4	314.7	3.82	8	171,900.1	4.29	8	500,594	3.80	8	33,344	3.03	8		
Kamchatka																	

Territory	164.7	2.37	9	1,923.1	23.32	1	716,650.0	17.90	3	312,5796	23.73	1	123,500	11.23	4
Primorsky Territory	787.6	11.33	2	1,333.3	16.17	2	571,524.8	14.28	4	1,589,042	12.07	4	115,078	10.46	5
Khabarovsk Territory	3,61.9	5.21	7	801.8	9.72	6	276,877.1	6.92	5	1,009,163	7.66	5	128,483	11.68	3
Amur Region	462.5	6.65	5	145.6	1.77	10	124,596.9	3.11	9	258,861	1.97	9	38,888	3.54	7
Magadan Region	87.1	1.25	10	487.4	5.91	7	829,298.6	20.72	1	2,762,977	20.98	2	247,986	22.54	2
Sakhalin Region	36.3	0.52	11	164.2	1.99	9	44,873.3	1.12	11	224,027	1.70	10	12,859	1.17	10
Jewish Autonomous Region	721.5	10.38	3	49.8	0.60	11	63,910.2	1.60	10	141,390	1.07	11	9746	0.89	11
Total:															

### 3. Results

The main disadvantages caused by the transfer of the RB to the FEFD are as follows.

- 1. Difficulties in the implementation of a single policy aimed at the protection of Lake Baikal, which is UNESCO heritage;
- 2. Expansion of the "Far Eastern Hectare" program to the catchment area of Lake Baikal;
- 3. Lack of air communication with Vladivostok, the center of the FEFD;
- 4. Potential growth of the electricity tariff up to the level accepted at Far East District.

The most important advantages associated with the transfer of the RB to the FEFD include the following.

- 1. Promoting investment projects;
- 2. Implementing programs aimed at the extension of priority social and economic development areas (PSEDA);
- 3. Supporting the Far East Development Fund;
- 4. Potential gasification of the Republic's territories.

The key issue at the junction of the advantages and disadvantages of the transfer of the RB to the FEFD is the organization of the management system. After all, the general welfare of the population, which is the main goal of socio-economic development, will depend on how effectively the declared mechanisms of support of the region's economy are implemented.

## 4. Result 2

In the course of determining the status in the structure of regions of the Russian Federation and the need to improve competitiveness through the implementation of unique features, the RB is characterized by the following problems (Slepneva etc, 2016):

- 1. The gap in the size of GRP per capita not only from its average Russian value but also comparing with two federal districts (SFD and FEFD). It is necessary to significantly intensify economic development and make transformational changes in the structure of the Republic's economy.
- 2. Low-income security, and as a consequence, the high dependence on budget subsidy. In terms of dynamics, the dependence on the federal center is reduced, but to increase the growth rate of own revenues, the mechanisms to support entrepreneurship should be used more actively.
- 3. The absence of a pronounced specialization of the economy. Thus, there are both low-value-added raw material extraction enterprises (for example, logging and subsequent transportation of unprocessed wood to China), and high-tech production (for example, production for export of airborne vehicles at Ulan-Ude Aviation Plant, JSC).
- 4. The added value of mineral resources is formed outside the region. Mineral processing enterprises are faced with Baikal factor: a significant portion of the territory belongs to the catchment area of Lake Baikal. Organizing and producing goods or services that do not violate the principles of green sustainable development become extremely important.
- 5. Geographical remoteness from federal and district centers that leads to a significant cost of transportation, which in turn results in high cost of consumer prices and difficulties with the development of tourism. In addition, high electricity tariffs reduce the competitiveness of manufactured goods.
- 6. Performance of unusual functions at the federal level due to the border-zone location (protection of the state border, diplomatic relations with the neighboring state Mongolia, provision of increased phytosanitary and veterinary control, suppression of transboundary fires, etc.). Proximity to the more technologically advanced countries of South-East Asia hinders innovation and technological development.
- 7. Uneven spatial development of municipal entities. A significant contribution to the GRP is made by three to five districts located in the central zone, including the capital of Ulan-Ude.
- 8. High dispersion of settlement and the ongoing process of urbanization. Dispersed rural population imposes high costs on the maintenance of social infrastructure (kindergartens, institutions of general education, health care, culture, sports, etc.). The low development level leads to potential problems of national security in the border-zone areas in the medium term.
- 9. The small per capita income of the Republic's residents (below the national average) is a deterrent to the growth of domestic consumption. The number of employed people is growing at a low rate. The proportion of the population with incomes below the subsistence level continues to be high.
- 10. The high level of real unemployment. Many residents of the RB are forced to find employment outside the region, and in some cases abroad.
- 11. The slow development pace of public organizations, except the territorial self-government. The "third sector of the economy",

which represents a system of nonprofit organizational structures, is underutilized as a resource for solving social problems.

12. Subjectively low satisfaction of the population with living conditions in the Republic. Many conducted sociological surveys reveal the desire of citizens to leave the Republic to, as noted by respondents, "find a better life". At that, they are kept from changing their place of residence only by "a sense of a birthplace", and "affection in the family and friends", while on the contrary, socio-economic factors, such as "high unemployment", "difficulty in carrying out business activities", and "low quality of life" are the reasons for the planned change of residence. The totality of the circumstances of the population's life leads to the deterioration of the criminal situation in the region, the growth of social dependency, and other negative social implications.

# 5. Discussion

The general objective of the proposed strategy can be formulated as follows: the implementation of a science-based policy aimed at improving the quality and standard of living of the population and preserving the wealth of the environment, based on the formation and maintenance of strategic activities, taking into account the use of accumulated potential. Strategy implementation should be based on the accumulated labor potential of the Republic and other regions (Tsyrenov and Slepneva, 2018).

The vision of the RB as a region that implements the accumulated cognitive potential allows forming the brand which sounds as "Baikal – the center of knowledge-based economy of Siberia and the Far East". The above is expressed in the Mission of the RB, which is the transformation of the Republic into a territory of comfortable living due to high-quality economic growth on the ground of high-tech and knowledge-intensive production of goods and services to preserve the unique nature.

The following priorities of knowledge-based economic development in the RB are proposed:

Supporting strategies for the development of higher education institutions in the priority areas of training, strengthening research and innovation components, and assistance in the export of Russian education abroad.

Implementing organizational measures to increase the creative thinking of the population (reviving the innovation and invention activities, organizing the scientific and technical creativity system for children and youth, etc.);

Assisting the implementation of science-intensive technologies in different areas of the regional economy (public health service, education, housing services, and utilities, culture and art, communications and telecommunications, transport and logistics, etc.);

Strengthening innovation nature of traditional industry branches of the RB (agriculture, consumer goods industry, tourism, etc.).

The cornerstone of the Mission should be grounded on the existing capacity of the tourist and recreational Baikal Harbor zone. The formation of the knowledge-based economy in the transformed project of Baikal Harbor should be carried out in the context of public-private partnership. Baikal Harbor project should be based on integration projects, which would integrate the research and development in different areas and subjects of high-tech production of goods and services. In other words, for the further accelerated more efficient use of Baikal Harbor facilities, it is necessary to assign it the status of Baikal Harbor Technological Development Zone (TDZ), which should be based on intellectual entrepreneurship.

At the initial stage, for the intellectual entrepreneurship development, it is necessary to use the results of scientific research of higher education and academic science institutes of the Siberian Branch of the Russian Academy of Sciences (SB RAS), superposing on them the infrastructure suitable to promote entrepreneurship. Such a structure is available from the Chamber of Commerce of the Republic of Buryatia. Then, gradually involving nearby research centers in Baikal Harbor, one should implement new ways of organizing intellectual entrepreneurship based on international experience.

Existing infrastructure objects need to be used to provide housing and other social facilities to encourage brain inflow. The relocation and registration of intellectual entrepreneurship agents on the shore of Lake Baikal can be based on several incentives:

the opportunity to live in an ecologically friendly area, where all conditions for the organization of productive work and recreation are provided, including those for children;

the possibility to increase multiply the work efficiency, because representatives of different branches of knowledge are concentrated in a single area that allows achieving the synergetic effect.

Successful development of intellectual entrepreneurship in Baikal Harbor will require joint efforts and integration at the following three levels:

at the state (regional) level: forming regional development strategy, creating favorable environment for the organization and growth of intellectual entrepreneurship agents; creating and improving the intellectual entrepreneurship support system; developing and implementing regional programs aimed at providing the access to infrastructure and financial resources; assisting in the implementation of goods and services of intellectual entrepreneurship in the domestic and global market;

at the level of public organizations: organizing events by the Chamber of Commerce and Industry of the Republic of Buryatia to promote the brand of "Baikal – the center of knowledge-based economy of Siberia and the Far East"; inviting interested large business entities; presenting achievements, opportunities, and results of intellectual entrepreneurship;

at the level of intellectual entrepreneurship agents: developing and improving entrepreneurial and managerial competencies; promoting consulting services; implementing a system to support the quality of goods and services.

### 6. Conclusion

Thus, all conditions required to develop the knowledge-based economy in the regions of the Siberian and Far Eastern Federal districts, will be created in a single area that will ultimately increase the importance, and allow truly implementing the cognitive potential, as well as reinterpreting the famous phrase "Russia's power will grow with Siberia".

#### **Acknowledgments**

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Revista ESPACIOS. ISSN 0798 1015 Vol. 40 (Nº 20) Year 2019

[Index]

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