The Economics of the Preparations for the APEC Summit in Vladivostok

LATKIN, Aleksandr
Director, Institute of International Business and Economics, Vladivostok State University of Economics and Service

Summary

Currently Russia's presence within the Asia-Pacific region is at odds with the role which our country claims to have in the world economic and political system. There are no cities in the Russian Far East which have an economic clout to match those of the major cities of the neighboring countries. In fact, the presence of Russia within the Asia-Pacific region in terms of economics is limited to the supply of unprocessed raw materials and handling part of the transit traffic between Europe and Asia. The expansion of Russian industrial and bank capital into this region is little seen. In order to promote the process of the formation of such a center, it is necessary to formulate the accelerated development of fundamental urban infrastructure (transportation, energy, and public utilities) and the core of a future business and societal center.

Accompanying the implementation of the sub-program, the number of workers engaged in the construction phase will be 52,323, and the increase in the gross regional product will be 146.9 billion rubles. The new tax revenues that the country's coffers will acquire over the period 2008-2012 will be 55.9 billion rubles.

The total amount of the funds necessary for the implementation of the measures in the sub-program in the period 2008-2012 will be 553.4 billion rubles, of which: 201.9 billion rubles will be from the federal budget; 33.6 billion rubles from the Primorsky Krai budget; 44.0 million rubles from the municipal budget; and 317.9 billion rubles from extra-budgetary sources of funding.

The grandiose infrastructure development projects in Primorsky Krai connected with the preparations for the staging of the 2012 APEC summit in Vladivostok have been an impetus for the development of many related industries not only in Primorsky Krai, but also in the other regions of the Russian Far East.

However, in 2012, the residents of Vladivostok, and further the residents of Primorsky Krai as a whole, will likely run into certain negative impacts brought by the considerable investment in the region and city.

One indisputable negative effect will be the shedding of the need for the labor force which has been enlisted for the construction of the APEC summit-related facilities. What should be pointed out here is that the number of workers on summit-related projects will decrease, but 69 priority investment projects which are being carried out locally in Primorsky Krai will require a considerable labor force. These are projects in the transportation and processing of hydrocarbons, electricity generation, shipbuilding, and in the transportation and logistics cluster, as well as in the development of various areas of the economy (the agro-industrial complex, fisheries and forestry, etc.).

In view of the fact that the majority of the facilities that have already been completed and put into operation will move over into the ownership of Primorsky Krai, they will inevitably entail additional costs for the budget of Primorsky Krai. It is necessary to note also that unavoidable expenditure for the maintenance and operation of bridges and roads awaits the Primorsky Krai and municipal budgets.

[Translated by ERINA]