

The Current Status of and Challenges for Regional Development Strategies on the Russia's Far East

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Four years ago, in December 2013, President of Russia V. Putin in his annual address to the Federal Assembly declared accelerated growth of the Far East as a national priority for the 21st century.

So far, as many as 22 federal laws and 77 governmental acts dedicated to the Far East development were adopted and implemented. Newly established 18 territories of advanced development (TOR) attracted more than 200 residents, and Vladivostok Free Port – more than 400 residents, and 89 new enterprises were launched including some large investment projects. Overall, more than 1000 investment projects in the Far East are under way on various stages. In fact, the Far East is going to emerge as a major national construction site considering such ongoing projects as natural gas processing plant, Eastern petrochemical complex, Nakhodka mineral fertilizer plant, Zvezda shipbuilding complex, modernization of BAM and Siberian railroads, two bridges across the border with China to name few.

Annual economic growth in the Far East is higher than national economic growth, and investments growth rate in the first half of 2017 reached 19.8% and was 4 times higher than national indicator.

The Far East attracted about a quarter of FDI in 2017. Chinese companies participate in 28 investment projects, while the number of projects with Korean capital is nine, and with Japanese capital is six.

Simplified e-visa issuance to visit Vladivostok started in August, and more than 6000 visas were issued. Since January 1, 2018, foreigners with e-visas may enter not only via Vladivostok, but also via seven more border-crossing points in Primorsky Territory, as well via Korsakov Port in Sakhalin and Petropavlovsk-Kamchatsky Port.

Russia and China have boosted cooperation on developing bilateral transport routes connecting China with ports in Primorsky Territory into real international transport corridors.

However, many issues require further consideration. Residents of TORs complain that construction of infrastructure is behind the schedule. They also require lower charges for electricity and natural gas supply. Just handful of TOR and Vladivostok Free Port residents actually use the regime of free customs zone as it turned to be complicated and expensive. Administrative pressure on businesses is still excessive. Financing is still expensive and difficult to obtain, especially for SMEs. As foreign medical services suppliers come to the Far East, a special federal law is in need to allow foreign hospitals and doctors work here.

While investment projects in the Far East are launched one after another, two major challenges emerge. First, comprehensive development of relevant territories and municipalities, and, second, development of social sphere here so that all its indicators reach levels above the national average. That is why the government approved the list of 27 national development programs with special “Far Eastern chapters”.