Research on the Evaluation of Investment Environment of Russia's Key Cities

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Abstract. The resources and industries between the two largest neighbor countries (Russia and China) complement each other, the level of political mutual trust is high, and the prospects for trade cooperation are broad. The selection of the best regions and the best industries to strengthen investment in Russia is of great strategic significance to the promotion of the "Belt and Road" and the construction of the China-Mongolia-Russia Economic Corridor. However, the relevant research is very limited, and the current research on the investment environment in Russia is mostly at the provincial level. The unclear investment environment and unknown investment risks have severely restricted trade cooperation with Russia. The research team conducted several years of scientific investigations, government visits and scientific research in Russia, and obtained a large amount of first-hand valuable data. This study scientifically evaluated the investment environment of 16 key Russian cities in terms of economy, society, infrastructure, policies, etc., and classified the investment environment. The results of this research will provide direct scientific and technological support for strategic decisions such as strengthening bilateral economic and trade cooperation. It is an important reality for ensuring the smooth implementation of the China-Mongolia-Russia Economic Corridor.

1. Introduction

In June 2016, the governments of China, Mongolia, and Russia jointly signed the "Plan for the Construction of the China-Mongolia-Russia Economic Corridor", marking the official launch of the first multilateral cooperation plan under the framework of the Belt and Road Initiative. Russia is the largest country along the Belt and Road and a core country in the construction of the China-Mongolia-Russia Economic Corridor [1]. Carrying out investment research in Russia will deepen the political mutual trust between the two countries, expand the space for Sino-Russian economic and trade cooperation, optimize the structure of economic and trade cooperation, and promote bilateral trade coordination development which has an important value and is of great strategic significance for advancing the Belt and Road strategy and the construction of the China-Mongolia-Russia Economic Corridor [2].
As an important part of the world economy, Russia has always attracted the attention of foreign investors with its superior geographical conditions, abundant natural resources and open capital market. However, Russia has a vast territory, spanning the two continents of Europe and Asia, and there are great differences in resources, economy, society, and policies between regions. What is the investment environment of various regions in Russia play an important role in promoting the construction of the China-Mongolia-Russia Economic Corridor and the implementation of the Belt and Road strategy, and promote the economic and social win-win development of the two countries. Research and fully clarify the strategic issues that urgently need the scientific and technological support of relevant research results [3]. Therefore, this research directly faces the strategic needs of the construction of the China-Mongolia-Russia Economic Corridor. It takes Russia's key cities as the research object, constructs the Russian investment environment evaluation index system and a quantitative evaluation model, systematically characterizes the spatial differentiation law of various elements of the investment environment of Russia's key cities and scientifically evaluates the investment environment of the key Russian cities. The results of this research will provide scientific and technological support for strategic decisions such as strengthening bilateral economic and trade cooperation, and have important practical and strategic significance for ensuring the smooth implementation of the China-Mongolia-Russia Economic Corridor.

2. Models and Methods

2.1. Data Sources
Our research team undertakes the special key project of the national scientific and technological basic resource survey "China-Mongolia-Russia International Economic Corridor Multidisciplinary Joint Investigation" We conducted field investigations and surveys in Russia many times, and obtained a large number of first-hand survey data as the main data basis of this research. In addition, the research data also includes "Russian City Statistical Yearbook 2016", "Russian Statistical Yearbook 2016", "Russian Local Statistical Yearbook 2016", "Russian Federation Foreign Investment Law", "Russian Federation Special Economic Zone Law", "Siberian Development Strategy 2020"", "Russian Far East Border Region 2015–2025 Development Program", "Russian Far East and Baikal Region Socio-economic Development Strategy by 2025", etc.

2.2. Research methods
The investment environment refers to the sum of various factors that affect investment activities within a certain time and space. The quality of the investment environment is the basis for the choice of investment location. In order to fully reveal the characteristics of the investment environment of Russia’s key cities, this study has fully excavated and analyzed data on the investment environment of Russia’s key cities, combined with China’s strategic focus on Russia’s investment in Russia and the actual needs for the construction of the China-Mongolia-Russia Economic Corridor. The target layer-element layer-index layer constitutes the investment environment evaluation index system of Russia's key cities. The evaluation method adopted in this study is the entropy method, which comprehensively considers five elements, namely, the economic environment of investment, the social environment of investment, the infrastructure environment of investment, the policy environment of investment, and the resource base of investment.

3. Results and Discussion

3.1. Evaluation of the investment environment of Russia’s key cities
According to the calculation of the ESI-PR model, we obtain the scores of the investment economic environment, investment social environment, investment infrastructure environment, investment policy environment, and investment resource base of Russia's key cities, and then obtain the comprehensive evaluation score of the investment environment.
3.1.1. Evaluation of the economic environment of investment

Analyzing various economic environmental indicators of administrative regions with excellent investment economic environment, the research has found the following:

Moscow ranks first in the investment economic environment. The city is Russia's political, economic, cultural, financial and transportation center, and it is Russia's largest comprehensive city. The city ranks first in indicators such as monthly average wages, employed population, fixed asset stock, and the number of enterprises at the end of the year.

St. Petersburg’s investment economic environment ranks second, and the city’s employment population, fixed asset stock, fixed capital investment, number of enterprises, construction production volume, and manufacturing output value rank second in Russia. At the same time, the average monthly salary ranks high.

Yekaterinburg’s investment economic environment ranks third, and the city ranks third in terms of employment, fixed asset stock, and total retail sales. The city is the central city of the Ural Federal District, the capital of the Sverdlovsk region, and the Urals and an important industrial, transportation, trade, scientific, and cultural center of the Russian Federation. The city is one of Russia's large industrial centers, and it is also the largest financial and credit service center in the Ural region, and one of the important financial centers of the Russian Federation.

Novosibirsk’s investment environment ranks fourth, the number of companies in the city ranks third among key cities, and the city’s employment population and total retail sales rank fourth. The city is the third largest city in Russia and one of the important industrial areas in Siberia. Machine manufacturing, electric power industry, food industry, building materials industry, etc. are all developing well.

Ufa's investment economic environment ranks fifth, and the city's fixed asset stock and total manufacturing output value rank fourth, which has established its leading position in the investment economic environment. The Ufa Engine Production Complex (UMPO) Joint Stock Company is Russia's largest aero engine research and development and production company. Ufa is the capital of the Bashkir Autonomous Republic of the Russian Federation. In 2015, the Shanghai Cooperation Organization Summit and the BRICS Summit were held in the city. The average monthly salary of this city ranks only twelfth among 16 cities, which affects the economic environment of investment.

![Figure 1. Score of the investment economic environment of the key Russian cities](image-url)
3.1.2. Evaluation of the social environment of investment

Analyzing various social environmental indicators of administrative regions with excellent investment social environment, the research has revealed the following:

Moscow ranks first in the investment social environment. The city ranks first in terms of population and number of hospitals at the end of the year. However, the city's natural population growth rate and the number of doctors per 10,000 people rank lower in the key cities, both ranking sixteenth.

St. Petersburg’s investment social environment ranks second, and the city ranks second in terms of population and number of hospitals at the end of the year, but the natural population growth rate ranks low, and the number of doctors per 10,000 people ranks seventh. The city is the northernmost city in the world with a population of more than one million. It is the central city of the northwestern region of Russia and the window city of Russia to Europe.

Blagoveshchensk’s investment social environment ranks third. The city’s number of doctors per 10,000 people ranks first among key cities, and its natural population growth rate ranks second among key cities. However, the number of hospitals in this city is relatively low. The population ranks relatively low.

Chita’s investment social environment ranks fourth, the city’s number of 10,000 doctors ranks second, and the natural population growth rate ranks fourth. It ranks high among the key Russian cities, but it ranks low in population and hospitals.

Ulan-Ude’s investment social environment ranks fifth, and the city’s natural population growth rate ranks first among key cities, indicating that the city has great potential for population growth, but the number of population, the number of doctors per 10,000 people, and the number of hospitals are relatively high. Later, it shows that the city's social security is relatively lacking.

![Figure 2. Score of the investment social environment in the key Russian cities](image)

3.1.3. Environmental assessment of the investment infrastructure

Analyzing various social environmental indicators of administrative regions with excellent investment infrastructure environments, the research has inferred that:

Moscow’s investment infrastructure environment ranks first. The city’s electricity and natural gas supply ranks first among key cities, but the area of the residential housing is the last among key cities. Moscow is the political, economic and cultural center of Russia. Due to its population the degree of agglomeration is high, and there is currently a shortage of housing space.
St. Petersburg’s investment infrastructure environment ranks second, the city’s electricity and natural gas supply ranks second, and the residential area ranks seventh. As the central city of northwest Russia, St. Petersburg has a more advanced infrastructure and a relatively better infrastructure for investment.

Tyumen ranks third in the investment infrastructure environment. Tyumen is the largest city east of the Ural River in Russia. The city ranks first in the residential area and seventh in key cities for electricity and natural gas supply.

Yekaterinburg’s investment infrastructure environment ranks fourth. The city’s residential area and electricity and natural gas supply are both third. Yekaterinburg's investment infrastructure ranks relatively high in Russia's key cities.

Novosibirsk’s investment infrastructure environment ranked fifth, and the city’s residential area and electricity and natural gas supply ranked fourth and fifth, respectively.

Figure 3. Environmental assessment of the investment infrastructure

3.1.4. Evaluation of the investment policy environment
According to the ESI-PR model, we calculate the investment policy environment scores of key Russian cities. According to the scores of the investment policy environment evaluation, the key cities of Russia are divided into three levels: excellent, good and general investment policy environment. Among them, the cities with excellent investment policy environment include Vladivostok, Khabarovsk, Birobidzhan, Blagoveshchensk, and Moscow, and the cities with general investment policy environment include Yekaterinburg, Novosibirsk, Ufa, and Tyumen.

The investment policy environment of Vladivostok ranks first. Vladivostok is the capital of the Primorsky Krai, and the investment policy environment of the Primorsky Krai ranks first in Russia. In the policy evaluation system, 16 policies such as the Russian Advanced Development Zone, the Free Land Allotment Act of the Russian Far East, the Economic Agenda of the Russian East, the Development Fund of the Far East and the Baikal Region, and the Socio-Economic Development Strategy of the Russian Far East and the Baikal Region until 2025 will benefir the region. All border regions have benefited, and there is a branch of Bank of China (Russia) in this region, which is the region with the highest preferential policy in the development of Russia.

The policy environment of Khabarovsk ranks second, and Khabarovsk is the capital of the Khabarovsk Territory. In the policy evaluation system, 15 policies including Russia's Advanced Development Zone, Russia’s Leapfrog Development Zone, and the Russian Far East and Baikal Region’s Socio-Economic Development Strategy before 2025 will benefit the region. There is also
Bank of China in the Khabarovsk Territory, which is the Russian branch of the bank.

The policy environment of Birobidzhan ranks third. The city is the capital of the Jewish Autonomous Region. The Free Land Allotment Act of the Russian Far East, the Economic Agenda of the Russian East, the Far East and Baikal Regional Development Fund, and the Social Economy of the Russian Far East and the Baikal Region by 2025, The development strategy, the Russian Federation’s “Social and Economic Development of the Far East and Baikal Region” national plan, and the 2015–2025 Development Program for the Russian Far East Border Region will benefit the region.

Blagoveshchensk’s policy environment ranks fourth. Blagoveshchensk is the capital of Russia’s Amur Oblast. The investment policy environment of Amur Oblast ranks third in Russia. It is Russia’s advanced development zone and Russia’s leapfrog development zone, etc., 13 policies can benefit the region.

Moscow’s investment policy environment ranks fifth in the policy environment. It is the Russian Special Economic Zone, the Wanli Tea Ceremony Tourist Map, Bank of China (Russian Branch) and other policies have benefited and will create favorable conditions for the development of the city.

Figure 4. Score of the investment policy environment in the key Russian cities

3.1.5. Evaluation of the investment resource base

Among the key Russian cities, Moscow, Ufa, St. Petersburg, and Kazan have a relatively good resource base. Ufa has large petrochemical companies that produce synthetic rubber, synthetic plastics, and synthetic fibers. Mining and petroleum machinery, aircraft, automobile engines, motors and cables are the main products of the machinery industry. St. Petersburg is a large-scale comprehensive industrial city. In the Republic of Tatarstan, where Kazan is located, the richest resource is oil. Part of the Volga-Ural oil and gas belt is located in the Republic of Tatarstan. Numerous oil mines are located in this place, such as the Roman Shikisk Mine, the Novo-Yerkhovsk Mine, the Wuyi Mine and the Bondusk Mine. In addition, there are brown coal seams, combustible shale, limestone, dolomite, construction sand, gypsum, and clay.

3.2. Comprehensive evaluation of the investment environment

Analyzing various investment environment elements in the priority investment areas, the research has shown that:

The investment environment of Moscow ranks first among the key cities in Russia. The region’s investment in economy, society, infrastructure, and resource environment is relatively good, ranking first in the key cities, and the investment policy environment is relatively high, ranking fifth.
The investment environment of St. Petersburg ranks second among the key Russian cities. The region has relatively good economic, social, and infrastructure investments, and ranks second in Russia, but the region’s investment policy environment ranks tenth, which is relatively low.

![Figure 5. Score of the investment resource base of the key Russian cities](image)

Blagoveshchensk’s investment environment ranks fourth among the key Russian cities, the city’s social environment ranks third, and its policy environment ranks fourth. However, the region’s economic, social, and infrastructure environment is relatively fragile, and the rankings are relatively reliable. After that, they were 11th, 13th, and 13th, respectively.

![Figure 6. Comprehensive score of the investment environment of Russia's key cities](image)
economic and infrastructure environment is relatively fragile. All are relatively behind, ranking 13th and 10th, respectively.

Khabarovsk’s investment environment ranks fifth among the key Russian cities, and the city’s policy environment ranks second. The region’s policies have a high degree of benefit, but the region’s society, infrastructure, resources and environment are relatively fragile. The rankings are relatively low, at 16th, 11th and 11th, respectively.

4. Conclusion
Based on the valuable data collected by the research team during field investigations and investigations in Russia, this study has constructed an investment environment evaluation index system for the key Russian cities and a quantitative evaluation ESI-PRA model, and comprehensively evaluated the economic environment of investment in 16 key cities in Russia, social environment, infrastructure environment, policy environment, and resource base. On this basis, a comprehensive evaluation of the investment environment at the urban scale of Russia has been carried out.

Through the evaluation of the investment environment of Russia’s key cities, this study has analyzed various investment environment elements in the priority investment regions and found that Moscow, St. Petersburg, Vladivostok, Blagoveshchensk and Khabarovsk cities are the top five cities in the evaluation area.

The investment environment model, evaluation results, and countermeasure suggestions established by this research on the basis of a large number of the first-hand research data accumulated in Russia for many years and a review of the policy system will help develop investment in Russia, strengthen bilateral economic and trade cooperation, and China direct scientific and technological support for strategic decisions such as the overseas deployment of foreign-funded enterprises has important practical and strategic significance for ensuring the smooth implementation of the China-Mongolia-Russia Economic Corridor.

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