Territorial and administrative regulation of the Arctic social and economic development through creating an autonomous

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Abstract. Having analyzed the current administrative division and administrative and financial management, the authors suggest creating a Federal district with a single system of economic, social and environmental administration aimed to achieve the goals of sustainable development in the region within the Russian Federation on the basis of consistency and territorial and ethnic integrity. The forwarded structural change will improve the effectiveness of the Federal government by establishing the Arctic Northern Sea Route infrastructure assuming such issues as transnational traffic, global base for hydrocarbon exploration and production, as well as targeted investments. Shorter time intervals ease monitoring and contribute to management efficiency and execution of decisions along with delayering. Funding and raising taxes through centralizing and integrating certain marginal regions into one comprehensive structure will become more efficient and will result in less spending. Creating a Federal structure based on new principles will become a driver for a handful of initiatives, such as arranging inter-ethnic economic relations between the subjects of the Russian Federation, implementing a consistent and systemic approach to monitoring and administration for natural resources. Technology management and operational safety control will help avoid such accidents as man-made disasters in the region.

1. Introduction
The concern is quite relevant and resides in the fact that assessing territorial development efficiency is an administrative and economic means of state policy and somewhat defines performance and management while developing new territories. The subject of the study is the main methods of government intervention through territorial and administrative regulation implemented in creating an independent entity with common economic targets, administrative tasks and social, economic and environmental issues that will serve as a tool to develop the Arctic zone of the Russian Federation.

The goal is to analyze major economic, financial and administrative mechanisms that impact the Arctic region development in order to expand the Russia's natural resources base, to maintain Russian military presence in the region, to take all the steps in preserving the environment, to ensure high profile basic and applied scientific research for enhancing the region's iconic, social and environmental structure.

2. Methods
The methods which enable one to consider the issues of the study include categorizing economic systems and ranking their borders to conduct a more comprehensive analysis of these basic mapping objects. This is also supported by the methods of monitoring, remote sensing, as well as by introducing a regulatory framework assess economic and environmental conditions in marginal territories. In addition, environmental impact assessment, audit and forecasting methods have been applied. The study also employs logical analysis, generalization, statistical data processing and logical modeling methods. The scientific novelty lies in promoting the idea of regulating regional economic, social and environmental development through creating an autonomous Arctic Federal District by exercising a combination of instruments and mechanisms to develop the Arctic and the Northern Sea Route facilities.

2.1. Empirical Study

The Presidential Decree "On the Land Territories of the Arctic Zone of the Russian Federation" defined the land territories in order to identify the region's key priorities in setting goals and objectives, as well as to ensure the latter are monitored and eventually achieved within the Arctic zone of Russia and to guarantee that the state policy is being complied with[8]. A significant step in shaping spatial and territorial development is made based on the active Decree of the Presidium of the CEC of the USSR "On declaring lands and islands located in the Arctic Ocean as the territory of the USSR", which declared that all the lands and islands to the north of the USSR coast and up to the North Pole between two meridians are Soviet. These two meridians being 32 degrees 4 minutes 35 seconds EAST, which runs along the eastern side of Vayda-Guba through the triangulation sign on Cape Kekursky, and 168 degrees 49 minutes 30 seconds EAST, which runs across the middle of the strait separating Ratmanov and Kruzenshtern islands also known as the Diomede Islands in the Bering Strait[9]. Though this Decree features legislative acts of the Russian Federation, it was not enshrined in any international legal documents and thus was not confirmed by the UN Convention on the Law of the Sea in 1982, which was then ratified by the Russian Federation in 1997. According to the Federal Act "On Internal Maritime Waters, Territorial Sea and Contiguous Zone of the Russian Federation" Russian state border in the Arctic Ocean is defined by the external border of its territorial waters, which breadth is 12 nautical miles (22.2 km) measured from the land territory, including islands, or from internal maritime waters such as gulfs, bays, and estuaries. The Russian Federation has a 200-mile exclusive economic zone spanning from the baselines, which the limit of territorial waters is measured from [1,10]. As it was required by the Convention, Russia gave up its Arctic claims following the sector principle and lost its rights to 1.7 million km². It is now trying to compensate the loss by proving that the Lomonosov and the Mendeleev ocean ridges going all the way to the North Pole and extending the shelf zone, are of continental origin. Taking into account the principle enshrined in the Constitution of the Russian Federation on the prevalence of international legal acts over domestic ones, there is a question of legitimacy of borders defined by the Law of the Russian Federation. The disadvantage of territorial and administrative division was managing morphologically similar territory (soil and climate conditions) in perennial permafrost of the Arctic Ocean coast being a part of nine administrative divisions of the Russian Federation: the territoty of the Murmansk Oblast; Nenets Autonomous Okrug; Chukotka Autonomous Okrug; Yamalo-Nenets Autonomous Okrug; some territories of the Republic of Komi (Vorkuta Urban Okrug); the territories of the Allaikhovsky, Anabarsky (Dolgano-Evenkiysky), Bulunsky, Ust-Yansky and Nizhekoelymsky districts of the Republic of Sakha (Yakutia); the territories of the Norilsk Urban Okrug, the Taimyr Dolgano-Nenetskaya and Terukhansky districts of the Krasnoyarsk Krai; the territories of the municipal entities "Arkhangelsk City", "Mezensky District", "Novaya Zemlya", "Novodvinsk City", "Onezhsky District", "Primorsky District", "Severodvinsk" of the Arkhangelsk Oblast; lands and islands located in the Arctic Ocean specified in the Decree of the Presidium of the USSR Central Executive Committee dated April 15, 1926, "On the Declaration the territory of the USSR of lands and islands in the Arctic Ocean" and other legislative acts of the USSR [9].
Political, administrative and territorial disengagement leads to difficulties when exercising administrative, financial and economic management mechanisms. The attempt to carve up the Arctic zone of the Russian Federation is the first step in creating a new territorial division. It can be realised either as a national Federal District or as a new territorial administrative subject.

Despite the fact that eight Arctic regions bring 13% to Russia’s consolidated budget and account for about 17% of the federal budget revenues, this region - including its clusters of numerous administrative divisions - has a number of problems, among which there are the following:

- poor financial support for projects in the Arctic zone of the Russian Federation that is not consistent with the intentions and objectives;
- the project-based approach is being implemented at the expense of systemic and integrated development of the Arctic region;
- inefficient measures for promoting investment attractiveness and stimulating the development of the Arctic zone regions;
- poor use of state regulation instruments aimed at monitoring economic, financial, customs, and administrative measures for social and economic development of the Arctic region;
- insignificant fiscal incentives aimed at promoting the Arctic zone and increasing the population flow into the region.

2.2. Results and Discussion.

In order to account the revenues from the arctic regions in the consolidated budget of the Russian Federation one requires the territories to be disintegrated from the respective federal subjects. To avoid accounting mistakes the territories should get the status of an autonomous division, otherwise tax revenues are calculated all together for the whole region.

The need to set an independent entity is determined by mutual issues connected with sustainable development and operation of Arctic’s Protected Areas and natural systems subject to sharp changes under “Green Economy” Concept. Other aspects embrace introducing technologies for renewable energy sources, waste-free and low-waste production, saving material and technical resources and improving the efficiency of environmental management in permafrost conditions.

To establish a post-industrial economy in the Arctic Region it is necessary to solve the issues related to the problem of “small peoples of the North” and economic relations with them, in particular, “ancestral lands” and hunting for marine animals, preserving of pasture reindeer herding, etc. Establishing an independent administrative and territorial unit free from the national territorial principle will allow achieving significant economic results while avoiding obsolete natural resources management and obstacles in transportation [4].

Conventional steps to retain population are often uneconomic and cannot compete with the rotation method without social infrastructure. District-confined, these issues can be settled in complex along with shuttle, shift and sedentary type of settlements depending on the functional purpose and prospects of the territory [3].

Within the district the created economic region will have a refined economic structure of industries excluding agriculture with cluster bases of radial food supply. On the one hand, this system will simplify the structure of household management, and on the other hand, it will stimulate the development of inter-territorial labor division promoting markets for agricultural areas of European non-Chernozem belt, Central Chernozem belt, southern regions of Siberia and the Pre-Urals. Thus, the mechanism of cluster formation is working, as do driver-regions [2].

In general, with the Arctic Federal District it is possible to implement variable approaches to concepts and ways of attracting business entities of different forms of organisations (LLCs, private companies, large, medium or small enterprises, private and state partnerships, etc.) based on a combination of incentives for economic activity and economic agents. This is important due to different taxation policy regarding economic agents and an individual approach towards “incubating” economic agents of different scale while at the same time maintaining the principle of social equality [6].
The results of economic use of the territories and subsequent costs for cultivating activities should receive a thorough examination and explanation including analysing tax benefits failure against a greater quantity of special and advanced economic zones. This would help successfully introduce such economic incentives as tax benefits combined with a set of various managerial, financial and economic instruments and administrative mechanisms for developing base zones in the Arctic region and creating territorial baselines and ports of the Northern Sea Route.

The Arctic Federal District should include the territories of the Far North and those territories of the Far Eastern Federal District credited as equivalent, particularly Koryak Okrug and Aleutsky District of Kamchatka Krai [7].

3. Conclusions

In order to apply the set of mechanisms for implementing state policy in the Arctic zone of the Russian Federation, it is necessary to take urgent measures and address key issues in terms of creating an autonomous Arctic Federal District [5].

It is plausible to use a special tax regime for the companies pursuing high-priority investment and infrastructure projects in the field of mineral development and current production improvement. This would serve as tax and customs mechanisms within state policy implementation for basic cluster zones and ports of the coast along the Northern Sea Route. Tax and non-tax incentives imply special customs procedures for the agents involved in investment projects. They can be in the form of tax benefits, reduced insurance premiums, and "Arctic" preferential investment tax credit.

The suggested structural transformation will make the federal administration system more efficient due to intraregional initiatives on developing the promising region and constructing the Arctic infrastructure provided the latter ensures the Northern Sea Route performance in terms of global transnational traffic transit with all the ensuing preferences for the country, as well as the development of the most powerful world base of hydrocarbon exploration and production, as well as targeted investment in implementing target-based approach. Monitoring the compliance of decisions at the federal and regional administrative levels will become significantly easier as introduction and negotiation stages will take less time, management efficiency will improve with faster decision-making and complying process due to delayering in administration, the cost of management system will decrease due to a reduced number of technology and management supply. From financial and economic perspective funding and collecting taxes through a single holistic structure of centralized and integrated marginal regions will become easier, cheaper and more efficient, while at the same time it will secure and accelerate fiscal charges and reduce the risk of debt burden. Creating a Federal structure based on new principles will be a driver for initiatives on arranging inter-ethnic economic relations between the subjects of the Russian Federation in other administrative divisions. It will boost the idea of sustainable development and demonstrate economic viability of investing federal funds in developing means of production. The latter contradicts with the widespread practice of supporting local social programs which do not change our future, but just postpone the crises of social vulnerability for people with no job perspectives. Without consistent management and constant environmental monitoring, the latitude zone of Arctic and its unique and delicate (due to its low recovery ration) nature might be severely affected by the most powerful transport, chemical and energy cluster, which is likely to become a driving force in the nearest future. Technologies and labour safety monitoring will help avoid such accidents as man-made disasters in the region. Establishing a required share of territories with diverse protection regimes seems impossible in terms of territorial disintegration among the subjects of the Russian Federation unless administrative initiatives are implemented at the federal level.

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