Problems of geostrategic territories of the southern strip of Siberia

N M Sysoeva1,2 and I A Dets2
1Irkutsk Scientific Centre SB RAS, Irkutsk, 664033 Russia
2V B Sochava Institute of Geography SB RAS, Irkutsk, 664033 Russia

E-mail: syssoeva@oresp.irk.ru

Abstract. The paper analyses the possibilities of the border territories of Siberia to perform geostrategic functions defined in the Spatial Development Strategy of the Russian Federation. The existing cross-border relationships have little impact on the socio-economic development of the territories. Exports in the regions of Transbaikalia, classified by the Strategy to the Far East as a priority macro-region for development, are growing due to the expansion of raw materials export. In the same regions, the volume of foreign investment due to the mining sector is also increasing, while in other border regions their volume is falling. Most of the outgoing investments are directed to offshore and resort countries, which does not contribute to the receipt and return of profits to the regions. Foreign enterprises operate mainly in the raw materials industries, construction and intermediary services, in the western regions of the border zone they are also present in modern processing industries. Among the counterparty countries, the presence of China is expanding, which is gradually displacing Kazakhstan from the leading positions even in the border regions of Western Siberia. It is necessary to both understand the goals and methods of forming a geostrategic security belt and offer state support for the development of such territories.

1. Introduction

In 2019, the Spatial Development Strategy of the Russian Federation was adopted, which identified a new category of geostrategic territories for regional science. These include all the border regions of the country, as well as the entire Arctic zone [1]. Geostrategic territory is of great importance for ensuring sustainable socio-economic development, territorial integrity and security of the country (Spatial development Strategy of the Russian Federation for the period up to 2025).

To assess the ability of border territories to perform geostrategic functions, it is necessary to analyse the existing economic relations between the regions and the outside world, their participation in cross-border exchanges, since they are directly related to both economic security, which is mentioned in the Strategy, and the possibility of realizing the advantages that arise from border and cross-border territories in the field of economic interaction. We examined the existing forms of international cooperation in the geostrategic territories of the southern strip of Siberia. On the list of border regions, the Strategy identifies priority geostrategic territories, including such Siberian regions as the Republic of Buryatia and the Trans-Baikal Territory, bordering Mongolia and China. The Omsk and Novosibirsk regions, as well as the Altai Territory, have borders with the countries...
of the Eurasian Economic Union (Kazakhstan), which implies more opportunities for coordinating cross-border cooperation [2-4]. Other geostrategic territories in Siberia include the Altai Republic, which borders with Kazakhstan and China, and the Republic of Tuva, which has a border with Mongolia. All these border territories have different types of relations with neighbouring countries and different potential for their development, as well as for performing other geostrategic functions, including economic security.

2. Models and Methods
The article deals with the issues of the existing inter-border cooperation of the Siberian regions and its structure, analyses the export of goods, including supplies to neighbouring and other countries. The analysis of the volumes and geography of exports of the studied regions was carried out on the basis of data from the Russian Export Centre in recent years. One more important aspect of border regions participating in cross-border interaction is the movement of capital across the border. We considered foreign direct investment in the studied regions, as well as the branches of regional economies that receive investment, we also studied investments abroad carried out by residents of these regions, their distribution by country. Additionally, data on cross-border transfers made by citizens outside of payment systems are included. The data on transfers and investments were calculated on the basis of statistics of the external sector of the Central Bank of Russia.

The degree of participation of representatives of neighbouring countries in the economy of the border geostrategic regions of Siberia was also considered, which made it possible to expand the analysis of foreign investment in these regions, to assess their structure and contribution to the economic development of the territories. The conclusions were based on the materials of the Economic Information Agency “Prime” on individual enterprises of the studied regions, among which enterprises belonging to foreign legal entities and individuals and joint ventures were identified. Empirical data on the listed categories of relationships were compared between individual regions of Siberia and their groups.

3. Results and Discussion
All border regions of Siberia participate in the international division of labour and export their products. The two main partners and markets for the border areas are China and Kazakhstan (Figure 1).

![Figure 1. Geostrategic regions of Siberia and export dynamics.](image-url)
All regions located in Western Siberia, as well as Tuva, are oriented more towards the Kazakh economy. In Transbaikalia, China is the undisputed leader. However, China is also increasing its presence in the western part of Siberia, coming out on top in the Novosibirsk region. In the Trans-Baikal Territory, it has practically displaced other countries as foreign trade partners. One more neighbour of the border territories – Mongolia – appears among the leaders only in the Altai Republic. In Buryatia and the Trans-Baikal Territory, where the Russian-Mongolian border has a sufficient length, it is 5-6 places in importance for the export of these regions.

The dynamics of export volumes are also different. Over the past three years, there has been a reduction in the supply of goods abroad in the Altai Territory and the Republic of Tuva. In 2020, the volume of exports decreased in a number of other regions. However, both Buryatia and the Trans-Baikal Territory significantly increased sales of goods and services in the year of the outbreak of the pandemic, by 27% and 70%, respectively (Table 1).

| Region                | 2018 Export | Main importers | 2019 Export | Main importers | 2020 Export | Main importers |
|-----------------------|-------------|----------------|-------------|----------------|-------------|----------------|
| Omsk region           | 870.7       | Kazakhstan 22.6 | 1,016.1     | Saudi Arabia 24.2 | 760.9       | Kazakhstan 31.8 |
|                       | Poland 10.1 |                | Netherlands 7.1 | China 6.7     |             | China 13.5       |
| Novosibirsk region    | 2,608.9     | China 23.9     | 3,201.9     | China 20.4    | 2,932.3     | China 24.7       |
|                       | Kazakhstan 13.1 |            | Germany 10.8 | Kazakhstan 11.8 |            | Kazakhstan 13.9  |
| Altai Territory       | 1,141.3     | Kazakhstan 31.5 | 1,211.3     | Kazakhstan 27.8 | 949.9       | Kazakhstan 36.8  |
|                       | Ukraine 14.9 |                | China 10.5  | Belarus 8.8   |             | China 17.2       |
| Republic of Altai     | 23.6 Republic of Korea 46.1 |            | 37.5 Republic of Korea 36.0 |            | 49.9 Kazakhstan 36.0 |
|                       | Kazakhstan 3.54 |            | Mongolia 9.8 | Kazakhstan 13.7 |            | Kazakhstan 28.0   |
| Republic of Tuva      | 1,27.9      | Kazakhstan 38.5 | 103.6 China 40.2 | China 79.0 | Kazakhstan 55.7 |
|                       | China 24.3 |                | Republic of Korea of Ukraine 14.6 | Kazakhstan 36.3 |
|                       | Republic of Korea 16.6 |            |              |                |              | Uzbekistan 3.9     |
| Republic of Buryatia  | 950.2       | China 37.7     | 912.1 China 29.4 | Japan 1,163.1 | China 49.4       |
|                       | Japan 20.4 |                | Republic of Korea 20.3 | Japan 23.2     |
|                       | Republic of Korea 14.7 |            | Republic of Korea 16.6 | Kazakhstan 2.8  |
| Trans-Baikal Territory| 433.9       | China 83.0     | 631.9 China 86.5 | Kazakhstan 1,074.2 | China 95.7       |
|                       | Kazakhstan 9.3 |                | Republic of Korea 8.0 | Kazakhstan 2.8 |
|                       | Japan 3.4 |                | Republic of Korea 9.6 | Kazakhstan 0.6 |

* Source: Russian Export Centre [https://www.exportcenter.ru](https://www.exportcenter.ru) (accessed 10 June 2021).

The eastern and western regions of Siberia also differ in the structure of exports. Both in the Novosibirsk and Omsk regions, the shares of processed products are significant: in the Novosibirsk region, these are various types of mechanical and electrical equipment, although their share is slightly
decreasing (from 25% in 2018 to 17% in 2020) against the background of a stable share of fuel in 46-48%, in the Omsk region – products of organic and inorganic chemistry. In most other regions, fuel is also the main export item, with the exception of Tuva and the Trans-Baikal Territory, where metal ores rank first in the export structure, and their share is gradually growing.

One more important aspect of participation of border regions is the movement of capital across the border (table 2). The leaders in attracting investment are the Novosibirsk Region and the Trans-Baikal Territory, while in the western part of the zone, investment volumes have been decreasing in recent years, i.e. investors are withdrawing funds from the regions, while in the eastern part there is an increase in investments.

**Table 2. Accumulated foreign direct investment in border regions and from regions abroad and cross-border transfers of individuals (USD million)**.

| Region               | Foreign investment in the regions as of 01.01.2018 | Foreign investments from the regions as of 01.01.2018 | Cross-border transfers of individuals in 2020 (outside of payment systems) |
|----------------------|---------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------|
|                      | as of 01.01.2018                                  | as of 01.01.2018                                    | regions’ revenues                                                      | regions’ transfers  |
| Omsk region          | 803                                               | 548                                                 | 866                                                                    | 701                                                       | 44.7                    | 33.2                  |
| Novosibirsk region   | 2,257                                             | 1,688                                               | 2,584                                                                  | 2,162                                                     | 870.8                   | 4,333.2                |
| Altai Territory      | 167                                               | 103                                                 | 140                                                                    | 89                                                        | 27.8                    | 10.8                  |
| Republic of Altai    | 129                                               | 37                                                  | 127                                                                    | 36                                                        | 2.2                     | 0.8                   |
| Republic of Tuva     | -64                                               | 79                                                  | -                                                                      | 7                                                         | 0.7                     | 0.2                   |
| Republic of Buryatia | 220                                               | 309                                                 | 73                                                                     | 66                                                        | 9.4                     | 72.1                  |
| Trans-Baikal Territory| 478                                               | 1,807                                               | 670                                                                    | 1,253                                                     | 2.5                     | 3.2                   |

* Source: The Bank of Russia. External sector statistics [https://www.cbr.ru/statistics/macro_itm/svs](https://www.cbr.ru/statistics/macro_itm/svs) (accessed 10 June 2021).

In Tuva, the negative value in 2018 is due to the same process, when, after an increase in investment in mining production in previous years, money would be withdrawn from the region until 2020. Not all investment volumes in the data of the Central Bank of the Russian Federation are distributed by type of activity, but it is possible to identify the priorities of investors in the open part. Thus, the share of investments in real estate transactions is significant in the regions of the western part of the border strip. For example, in the Novosibirsk region, this type of activity is the leader in attracting investment, followed by finance and insurance, then wholesale and retail trade. Investments in manufacturing have halved in three years. At the same time, manufacturing industries have top priority in the Omsk Region, which has increased the volume of foreign investment. In Tuva, Buryatia and Transbaikalia, the main activity that attracts foreign investment is mining.

Cross-border investments of the regions themselves are also gradually decreasing, with the exception of Trans-Baikal Territory. The distribution of investments abroad by country shows that in all regions, capital exports are mainly carried out to Cyprus, with the only exception of Buryatia, for which Thailand is the leader. In almost all regions, Cyprus is followed by Spain, although it is significantly inferior in terms of investment volumes. From neighbouring countries, China is mentioned among the importers of capital (Novosibirsk Region, Altai Territory), significantly lagging behind the countries listed above. In fact, a significant part of the capital flows from the Siberian regions represent the withdrawal of profits from the enterprises of the studied zone, the founders of which are registered in offshore companies. In addition to offshore companies, the predominance of the countries with a developed tourism industry on the list of importers of capital (in addition to Thailand and Spain, these are Italy, Bulgaria, Greece, etc.) suggests that these investments are not of a production, but of a consumer nature, and are carried out mainly in real estate.

The degree of penetration of representatives of neighbouring countries into the economy of the border regions of Siberia, classified as geostrategic, was also considered (Table 3).
A total of 5,258 foreign enterprises were registered in the border zone in 2019. Both in the western and eastern parts of the border zone, there are leaders in the number of such enterprises per 100 thousand people. In the zone adjacent to Kazakhstan, the largest number of foreign enterprises per capita is registered in the Novosibirsk region (59 units), in the eastern part – in the Republic of Buryatia (187 units). A significant part of enterprises is formed by foreign citizens (individuals), and not by organizations. The share of such enterprises is especially high in Buryatia. For the two Altai regions, half of such enterprises belong to joint ventures.

| Region                  | Number of foreign enterprises | Share of joint ventures (%) | The number of foreign enterprises per 100 thousand people of the population |
|-------------------------|-------------------------------|----------------------------|--------------------------------------------------------------------------|
| Omsk region             | 405                           | 31.9                       | 21                                                                       |
| Novosibirsk region      | 1,646                         | 22.9                       | 59                                                                       |
| Altai Territory         | 985                           | 58.4                       | 42                                                                       |
| Republic of Altai       | 50                            | 54.0                       | 23                                                                       |
| Republic of Tuva        | 20                            | 35.0                       | 20                                                                       |
| Republic of Buryatia    | 1,841                         | 5.7                        | 187                                                                      |
| Trans-Baikal Territory  | 311                           | 26.0                       | 29                                                                       |

*Source: Prime Economic Information Agency https://bir.1prime.ru (accessed 21 Feb 2020).*

In the structure of the activities of foreign entrepreneurs in the border regions, trade is expected to be the predominant type of activity, while the number of enterprises with wholesale trade as their main activity in Buryatia and Trans-Baikal Territory exceeds those focused on retail by about a third. In Tuva, the number of enterprises is small, so wholesalers do not have a numerical advantage over retailers. For individual entrepreneurs, the picture is the opposite – the vast majority are engaged in retail trade. Trade is followed by construction, then transport and logging, agricultural production [5].

But in Transbaikalia, the mining industry holds the first place among enterprises in terms of the number of organizations, as well as in terms of revenue.

Among the founders of such enterprises, the leaders are Chinese entrepreneurs, but their influence decreases when moving to the west. In the Omsk and Novosibirsk regions, a significant share of foreign enterprises belongs to immigrants from the former USSR republics, both Central Asian and Eastern European (Belarus, Ukraine), as well as representatives of the United States and the European Union, with Germany leading. Mongolian enterprises are quite numerous in Buryatia, there are several such enterprises in Tuva. Despite the common border and the presence of the Buryat National District, business founders from Mongolia are not registered in the Trans-Baikal Territory. There is another feature associated with Mongolian entrepreneurs in Buryatia, where more than seven hundred organizations of individuals have registered "market research and public opinion research" as their main activity.

Based on the above, it can be concluded that a significant part of the foreign economic relations of the studied regions is related to their border position. The geography and structure of foreign trade of the border regions is largely due to the proximity of China and Kazakhstan, although the fact that these are growing economies with expanding markets also plays an important role. The example of Mongolia, despite the longest common border with it, shows the lack of leadership in export operations of the border regions, which can be explained by the similarity of the export structure, i.e. Mongolia is a competitor in the world market of fossil raw materials. The same can be said about capital flows across the border, where the Russian zone of the cross-border zone is dominated by Chinese and offshore capital.
To the greatest extent, the border status of the Siberian regions affects the grass-roots movement of goods, labour and capital, carried out outside of large corporations and state support. As a rule, all border regions are developing faster than internal ones, thanks to the opportunities for expanding the sphere of entrepreneurship on both sides, especially with open borders. However, this does not apply to most of the border areas of southern Siberia, which are inferior to the inner regions in terms of GDP per capita and other parameters. This is due, among other things, to the low share of the rooted sector of the economy in the resource sectors, which includes grass-roots (local) activities. This is typical not only for the Siberian part of the border regions, researchers note this in other geostrategic territories as well.

4. Conclusion
With regard to the geostrategic function of increasing sustainable socio-economic development to strengthen national security, the Novosibirsk and Omsk regions are the most suited for the task, since modern areas of the manufacturing industry with innovative potential are involved in inter-country interactions. In other regions, fuel and resource specialization prevails, including the supply of wood and primary woodworking products. The spatial development strategy of the Russian Federation sets the task of reducing unequal interaction in terms of exports of raw materials from border regions, but it is the regions called a priority – Buryatia and the Trans-Baikal Territory – that intensify this imbalance by increasing the export of raw materials. The lack of growth dynamics of regional economies based on international economic ties is also confirmed by the structure of investments coming from border regions. Funds leaving the regions in the form of investments are not intended for investors to make a profit and return profits to the Siberian territories.

With a low level of development of the processing industry in the border regions, possible areas of export diversification are the services sector, including construction, transport and tourism, and food production. A possible factor of influence on the border areas in the future may be global warming, which will force us to overestimate the importance of the agricultural sector in the southern strip of Siberia from the standpoint of cross-border relations, which are currently carried out in the agricultural complex by private individuals and joint ventures [6, 7]. The preponderance of transactions of individuals over receipts from the outside shows the attractiveness of local labour markets for residents of neighbouring countries, which makes it possible to develop labour-intensive industries, including agricultural production. Warming will also shift the boundaries of the forest zone to the north, which, under the existing reforestation system, will sharply reduce the area of high-quality stands currently being exploited.

When determining the country’s geostrategic zones, the state should more clearly formulate the goals of such allocation, identify threats to economic security and provide the regions with support in implementing geopolitical strategies. In the context of promoting the idea of the China-Mongolia-Russia economic corridor, it is necessary to diversify the economic structure of the regions, develop infrastructure to strengthen latitudinal interregional ties, so that the border territories do not remain conduits for the economic expansion of foreign firms to the resource regions of Russia. The regions themselves will not be able to carry out such a transformation, which requires a systematic development of strategies and programs for the development of border territories at the federal level.

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