The article focuses on the social dimension of territorial development and investments in Russian regions. The conducted research is devoted to territories with a special regime for business activities in Russia, their investment and innovation background and policy aiming at improving social environment and population well-being. Based on legal analysis and regulatory practices, the authors reveal drivers for strategic management of social and economic development, recommend some rules and underline possible benefits for territories’ residents. The paper discusses the advantages and perspectives of developing territories with a special regime for business activities in Russia, alongside with constraining factors discouraging their development. Theoretical issues are exemplified by some priority social and economic development areas created in the Far East. Most attention is paid to the infrastructural development of priority social and economic development areas, while special emphasis is placed on the cluster approach to the development of such territories, a comparison is made with technoparks and industrial parks.

Keywords: priority development areas; investments; social policy; business activities; legal regime; cluster; technopark; industrial park.

Recommended citation: Irina Mikheeva & Aleksandra Sarnakova, Territories with a Special Regime for Business Activities: Legal Frameworks of Social Policy, 9(3) BRICS Law Journal 174–194 (2022).
Introduction

During the Soviet era, a wide range of tools were used to support territories with unfavorable climatic and economic conditions, while the collapse of the Soviet Union and changes in the financial policy of Soviet regions led to the “degradation” of some of them.

The problems of Russian regional development in the post-perestroika period have repeatedly been mentioned in literature as a reliable tool for economic development.¹ M.B. Puchkin and N.T. Avramchikova believe that Russia faces serious problems of innovative development of regions and, first of all, regions of Siberia and the Far East, which are “lagging behind” in socio-economic indicators. These regions are characterized by lack of regional development institutions, budget deficits, poor experience in public-private partnership, the skilled labor shortage, underdeveloped infrastructure, a high level of “aggregate” costs, and low investment attractiveness.²

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¹ Миронова И.Б. Классификация и содержание факторов, обеспечивающих устойчивое и безопасное развитие территорий опережающего развития // Инновационное развитие экономики. 2019. № 4-2(52). С. 109 [Irina B. Mironova, Classification and Content of Factors Ensuring Sustainable and Safe Development of Priority Development Areas, 4-2(52) Innovative Development of Economy 109, 109 (2019)].

² Пучкин М.Б., Аврамчикова Н.Т. Классификация территорий опережающего социально-экономического развития в регионах Российской Федерации // Менеджмент социальных и экономических систем. 2017. № 2. С. 41 [Mikhail B. Puchkin & Nadezhda T. Avramchikova, Classification of Priority Social and Economic Development Areas in the Regions of the Russian Federation, 2 Management of Social and Economic Systems 41, 41 (2017)].
T.V. Letaeva sees the reason for the weak social support of such territories in the refusal of “industrial enterprises from their social facilities, the commercialization and municipalization of the service sector in the conditions of a decrease in the living standard of most of the population.”

Researches have a good understanding of reasons hindering the development of certain regions of Russia. Accordingly, the next step should be to implement measures for economic and social equalization of “weak” regions with the most successful, which is impossible without state support.

State support, according to A.V. Belitskaya, is a specific form of state regulation of the economy and businesses and can be carried out through legal, economic and organizational tools. One of the organizational measures of state support is the establishment of a special legal regime for certain territories, which involves the introduction of special rules for business entities to carry out their economic activities, stimulates the growth of territories, sectors of the economy and attracts foreign investment in them.

Since the last century, various measures have been taken in Russia to maintain the regions that are not sufficiently attractive for residence. From 1996 to 1999, three federal laws were adopted: in relation to the Special Economic Zones in the Kaliningrad and Magadan regions and Ingushetia Center for International Business, which established special regimes for business and investment activities (tax incentives, free customs zone regime, accelerated and simplified procedure for registering, investment contracts, etc.). Along with the development of investment legislation, framework Federal Law No. 116-FZ of 22 July 2005 “On Special Economic
Zones in the Russian Federation” was adopted; it provided for the possibility of creating four types of special economic zones in various sectors of the economy: industry and production, tourism and recreation, technology and innovation, and port zones. Federal Law No. 392-FZ of 3 December 2011 “On Territorial Development Zones in the Russian Federation and on Amendments to Certain Legislative Acts of the Russian Federation” introduced one more form of territory with a special regime: a territorial development zone purporting to provide additional measures of state support to its residents. However, the experience of legal regulation of support measures cannot be considered particularly successful. О.Ю. Смыслова and П.В. Строев believe that

the scale of practical implementation of various instruments of territorial development in Russia indicates the willingness of the Russian Government to provide efficient conditions for effective investment climate for Russian and foreign investors, ensuring accelerated development and a favorable platform for improving the quality of life of the country’s population.

Investment is recognized as a key tool for supporting territories, for the development of which it is necessary to create special legal regimes for doing business within certain regions, which will allow directing investment flows to them and increasing their investment attractiveness.

In Russian territories, there are several legal regimes that use various tools for their accelerated social and economic development, in particular, special benefits and preferences are provided for business in order to attract investment, those are clusters, industrial parks, monotowns, etc.

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8 Федеральный закон от 22 июля 2005 г. № 116-ФЗ «Об особых экономических зонах в Российской Федерации» // Собрание законодательства РФ. 2005. № 30 (ч. 2). Ст. 3127 [Federal Law No. 116-FZ of 22 July 2005. On Special Economic Zones in the Russian Federation, Legislation Bulletin of the Russian Federation, 2005, No. 30 (Part 2), Art. 3127].

9 Федеральный закон от 3 декабря 2011 г. № 392-ФЗ «О зонах территориального развития в Российской Федерации и о внесении изменений в отдельные законодательные акты Российской Федерации» // Собрание законодательства РФ. 2011. № 49 (ч. 5). Ст. 7070 [Federal Law No. 392-FZ of 3 December 2011. On Territorial Development Zones in the Russian Federation and on Amendments to Certain Legislative Acts of the Russian Federation, Legislation Bulletin of the Russian Federation, 2011, No. 49 (Part 5), Art. 7070].

10 Белитская 2016, at 7.

11 Смыслова О.Ю., Строев П.В. Территории опережающего социально-экономического развития в России: особенности, тенденции и сдерживающие факторы // Вестник Омского Университета. Серия «Экономика». 2019. Т. 17. № 4. С. 64 [Olga Yu. Smyslova & Pavel V. Stroev, Priority Social and Economic Development Areas in Russia: Features, Trends and Constraining Factors, 17(4) Bulletin of Omsk University. Economics Series 63, 64 (2019)].
1. Legal Regime of Priority Social and Economic Development Areas (PSEDAs)

1.1. The Concept and Features of PSEDAs

First of all, we will consider the Priority Social and Economic Development Areas (hereinafter the PSEDA or the PDA), as the most successful example of a special legal regime for business activities in the Russian Federation, which have become one of the key mechanisms for territorial development.

According to Articles 1(1), 3(1) of Federal Law No. 473-FZ of 29 December 2014 “On Priority Social and Economic Development Areas in the Russian Federation,” PSEDA is a part of the territory of any Russian region which is created by the decision of the Russian Government for seventy years and constructs a special legal regime favourable for business and investment activities, accelerated social and economic development, and human well-being.

Based on its legal definition PSEDA is characterized by basic features: 1) certain boundaries; 2) favorable conditions for attracting investments; 3) accelerated social and economic development and population well-being; 4) a special legal regime for business and investment activities.

Determining the boundaries. The equivocality of the boundaries of various spatial-network formations, according to A.S. Mikhailov and A.A. Mikhailova, is an important practical task of territorial development policy. It is associated with monitoring and assessing the transformation of the nodes of territorial economic systems in geospace, which are the result of a purposeful concentration of resources in strategically important sectors and regions.

Within three years, PSEDAs have been created only in very limited number of Russian regions, namely, in the Far Eastern Federal District and in monotowns with the most difficult social and economic situation; the List of PSEDAs has been approved by the Russian Government according to Article 35 of Law No. 473-FZ.

I.B. Mironova writes:

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12 Федеральный закон от 29 декабря 2014 г. № 473-ФЗ «О территориях опережающего социально-экономического развития в Российской Федерации» // Собрание законодательства РФ. 2015. № 1 (ч. 1). Ст. 26 [Federal Law No. 473-FZ of 29 December 2014. On Priority Social and Economic Development Areas in the Russian Federation, Legislation Bulletin of the Russian Federation, 2015, No. 1 (Part 1), Art. 26].
13 Белитская 2016, at 12.
14 Михайлов А.С., Михайлова А.А. Проблема эквивокальности в идентификации границ кластера: на примере кластеров стран Балтии // Балтийский регион. 2018. Т. 10. № 2. С. 59 [Andrey A. Mikhailov & Anna A. Mikhailova, Equivocality in Delineating the Borders of a Cluster: The Baltic’s Case, 10(2) Baltic Region 56, 59 (2018)].
It is important that the region in each scenario is considered as a system of interconnected elements, the interaction of which is influenced by external and internal challenges and limitations of spatial development, certain risks,

knowing these factors is important for achievement of objectives provided for PSEDAs.

*Special legal regime.* Priority social and economic development areas can exist if the activities within their boundaries are regulated by special rules allowing to accelerate social and economic development. These rules are established by Law No. 473-FZ which constitutes a comprehensive regulation for carrying out business and investment activities in the Russian Federation, as well as the basic frameworks not only for advanced economic, but also for social development. For example, the legal regime of PSEDA suggests tax benefits, special customs procedures, benefits for land lease, etc. Specific regulations of PSEDA activities can be enacted on subordinate legislation level (by the Russian regions).

*Favorable conditions for attracting investments, provision of accelerated social and economic development and human well-being.* Taking into account that PSEDAs are subsidized from the budget in order to stimulate development of “depressed” territories their most important objective is to attract socially oriented investments.

The current laws establish an environment for investment attractiveness in priority development areas. First, PSEDA infrastructures encourage effective investments. The Presidential Decree No. 13 of 16 January 2017 “On Fundamentals of State Policy for Regional Development of the Russian Federation for the Period up to 2025” provides that the priority directions of state programs should be so as removal of infrastructural restrictions, especially in the priority development territories with a low level of social and economic development and high population density. Generally, the infrastructure is a set of land plots with buildings and constructions located thereon, including transport, energy, utilities, engineering, social, innovative infrastructures, seaport infrastructure facilities located within a PSEDA, as well as specific infrastructure facilities located outside such territory, but supporting its functioning.

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15 Mironova 2019, at 109.

16 Белев С.Г., Ветеринаров В.В., Сучкова О.В. Территории опережающего развития и производительность в российских городах // Экономические науки Высшей школы экономики. 2021. Т. 25. № 1. С. 13 [Sergei G. Belev et al., Priority Development Areas and Productivity in Russian Cities, 25(1) Economic Sciences of the Higher School of Economics 9, 13 (2021)].

17 Указ Президента Российской Федерации от 16 января 2017 г. № 13 «Об утверждении Основ государственной политики регионального развития Российской Федерации на период до 2025 года» // Собрание законодательства РФ. 2017. № 4. Ст. 637 [Decree of the President of the Russian Federation No. 13 of 16 January 2017. On Approval of the Fundamentals of State Policy for Regional Development of the Russian Federation for the Period up to 2025, Legislation Bulletin of the Russian Federation, 2017, No. 4, Art. 637].
PSEDAs are leaders in the development of the regional economy due to joint efforts of federal and regional authorities aimed at developing infrastructure described above. The legislator stipulates requirements for infrastructure that encourage comfortable conditions for citizens and investor activities. In addition, during the construction of infrastructure, small and medium-sized businesses are able to be engaged in territory development, which indicates the social significance of PSEDA.

Special features of such territories are that they can be a solution to market failures, stimulate economic growth, save resources. They can also be a source of agglomeration externalities by attracting new business companies or enhancing economic activities of existing enterprises.¹⁸

Second, according to M.B. Puchkin and N.T. Avramchikova,

[it is crucial] in the process of PSEDA formation and functioning to maximize resource utilization in the region, a monotown or closed administrative territory, to correlate social and economic development with the criteria established by federal and regional laws and regulations. It is the degree of compliance that largely determines the future infrastructure of PSEDAs, their focus, import substitution and export potential, as well as the volume of investments and the number of new jobs (the main indicator of PSEDA’s effectiveness).¹⁹

There are certain requirements for PSEDA residents’ status, namely:

1) The minimum amount of capital investments of PSEDA residents in the implementation of relevant types of economic activity in the territory of the priority social and economic development area. It follows from the regulations of the Government of the Russian Federation that the minimum volume of capital investments shall be 500,000 rubles,²⁰ which makes activities in the territory of a PSEDA available for small and medium-sized businesses.

2) PSEDA residents shall be reimbursed for the loan servicing expenses. For example, in order to implement Resolution of the Russian Government No. 308 of 15 April 2014 “On Approval of ‘Social and Economic Development of the Far Eastern Federal District’ State Program of the Russian Federation,”²¹ the conditions and procedure

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¹⁸ Belev et al. 2021, at 16.
ⁱ⁹ Puchkin & Avramchikova 2017, at 43.
²⁰ See, e.g., Постановление Правительства Российской Федерации от 21 августа 2015 г. № 876 «О создании территории опережающего социально-экономического развития «Чукотка» // Собрание законодательства РФ. 2015. № 35. Ст. 4994 [Resolution of the Government of the Russian Federation No. 876 of 21 August 2015. On the Creation of Chukotka Priority Social and Economic Development Area, Legislation Bulletin of the Russian Federation, 2015, No. 35, Art. 4994].
²¹ Постановление Правительства Российской Федерации от 15 апреля 2014 г. № 308 «Об утверждении государственной программы Российской Федерации «Социально-экономическое развитие
for the provision of subsidies from the federal budget to Russian credit institutions are developed for reimbursement of lost incomes on loans issued to residents of PSEDAs and the free port of Vladivostok for the implementation of investment projects within the constituent entities of the Russian Federation that are part of the Far Eastern Federal District, at a preferential rate.\textsuperscript{22}

Subsidies on servicing expenses or loans attracted by infrastructure investors for the construction of facilities allow reasonable reimbursement of associated expenses (payment of interest on loans).

Third, various tax benefits have been established in priority development areas. As noted by O.Yu. Smyslova and P.V. Stroev,

> tax incentives in these territories serve a variety of purposes. First of all, direct support for business development is provided, and secondly, new businesses become more attractive and their potential is strengthened.\textsuperscript{23}

Fourth, types of economic activities have been established in the governmental list compliance with which is required for carrying out business activities. When determining such business activities, the All-Russian Classifier of Types of Economic Activity is used. In the territory of the Far East, such activities are determined as forestry and logging, fishing and fish farming, water transport activities, metallurgical production, etc. At the same time, it is possible to develop mineral deposits in the PSEDA, which is prohibited in special economic zones. Thus, the legislator supports only those types of economic activities that are necessary for the development of

\begin{footnotesize}
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\item \textsuperscript{22} Постановление Правительства Российской Федерации от 25 декабря 2019 г. № 1818 «Об утверждении Правил предоставления из федерального бюджета субсидий российским кредитным организациям на возмещение недополученных ими доходов по кредитам, выданным резидентам территорий опережающего социально-экономического развития и свободного порта Владивосток на реализацию инвестиционных проектов на территориях субъектов Российской Федерации, входящих в состав Дальневосточного федерального округа, по льготной ставке, и о внесении изменения в постановление Правительства Российской Федерации от 17 сентября 2013 г. № 810» // Собрание законодательства РФ. 2019. № 52 (ч. 2). Ст. 8038 [Resolution of the Government of the Russian Federation No. 1818 of 25 December 2019. On Approval of the Rules for Granting Subsidies to Russian Credit Institutions from the Federal Budget to Reimburse Their Lost Incomes on Loans Issued to Residents of the Priority Social and Economic Development Areas and the Free Port of Vladivostok for the Implementation of Investment Projects in the Territories of the Constituent Entities of the Russian Federation, Which are Part of the Far Eastern Federal District, at a Preferential Rate, and on Amending the Resolution of the Government of the Russian Federation No. 810 of 17 September 2013, Legislation Bulletin of the Russian Federation, 2019, No. 52 (Part 2), Art. 8038].
\item \textsuperscript{23} Smyslova & Stroev 2019, at 66.
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the region and provide jobs in traditional sectors. Thus, PSEDA mechanism, along with attracting investments, is supportive for the employment.  

Fifth, advanced technologies are used for accelerating activities in business, for example, technologies for automatic registration of customs declarations, which reduce time for registering a declaration for goods. Such technologies are especially actively used in PSEDA of the Far East and are taken up by other PSEDA. Centers for the electronic declaration of goods arriving at the warehouses of the PDA of the Primorsky Territory, as well as the Sakhalin Region and the Khabarovsk Territory are being created.

Analysis of current laws makes it possible to single out main areas of preferences and benefits for PSEDA residents: 1) taxation (mineral extraction tax, income tax, property tax, land tax, VAT on imports, expedited VAT refund procedure for the exporter, etc.); 2) regime of a free customs area; 3) preferences to use various infrastructure facilities; 4) use of sanitary and technical regulations following the example of the most developed countries; 5) a special procedure for land use; 6) preferential rental rates; 7) special regime of state and municipal control; 8) provision of public services by the management company; 9) the one-stop-shop principle for investors, etc.

The implementation of Law No. 473-FZ is ensured by adoption of subordinate laws, one of which is Resolution of the Government of the Russian Federation No. 614 of 22 June 2015 “On the Specifics of Creating Priority Social and Economic Development Areas in the Territories of Single-Industry Municipalities of the Russian Federation (Monotowns).” In accordance with this Resolution, monotowns are also included in PSEDA. Order of the Government of the Russian Federation No. 1398-r of 29 July 2014 “On Approval of the List of Single-Industry Municipalities of the Russian Federation (Monotowns)” provides for a list of monotowns. Monotowns are widespread mode in PSEDA.

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24 Ablysina N.N. Недостатки и преимущества ТОСЭР в условиях экономического кризиса в моно-городах // КИУ Набережные Челны [Natalia N. Ablizina, Disadvantages and Advantages of PSEDA in the Conditions of the Economic Crisis in Monotowns, Kazan Innovation University Naberezhnye Chel-ny] (Jul. 10, 2021), available at https://chl.ieml.ru/files/u30/20170316Sbornik/Territorii_operezhay-ushchego_socialno-ekonomicheskogo_razvitiya_voprosy_teorii_i_praktiki.pdf.

25 Smyslova & Stroev 2019, at 70.

26 Постановление Правительства Российской Федерации от 22 июня 2015 г. № 614 «Об особеннос-тях создания территорий опережающего социально-экономического развития на территори-ях монопрофильных муниципальных образований Российской Федерации (моногородов)» // Собрание законодательства РФ. 2015. № 27. Ст. 4063 [Resolution of the Government of the Russian Federation No. 614 of 22 June 2015. On the Specifics of Creating Priority Social and Economic Development Areas in the Territories of Single-Industry Municipalities of the Russian Federation (Monotowns), Legislation Bulletin of the Russian Federation, 2015, No. 27, Art. 4063].

27 Распоряжение Правительства Российской Федерации от 29 июля 2014 г. № 1398-р «Об утверж-дении перечня монопрофильных муниципальных образований Российской Федерации (моно-городов)» // Собрание законодательства РФ. 2014. № 31. Ст. 4448 [Order of the Government of the Russian Federation No. 1398-r of 29 July 2014. On Approval of the List of Single-Industry Munici-
The Ministry of Economic Development of the Russian Federation has informed that 89 PDAs have been nationwide created in monotowns, including those in the Far East Republic of Buryatia and Krasnokamensk (Trans-Baikal Territory). The functioning PDAs in monotowns result in 922 residents, more than 40,000 jobs, over 100 billion rubles of investments attracted, revenue of residents amounted to more than 244 billion rubles.

Despite the existing measures to support the PSEDA activities, the literature suggests to strengthen the incentive functions for such territories. As O.Yu. Smyslova and P.V. Stroev write that entities with an operating business that have become residents, retain the general tax treatment, and all products (goods) are subjects to a preferential tax treatment. Here, amendments should be made to current laws, introducing tax benefits in respect to all income of PSEDA residents.28

One of PSEDA features is providing a management company by the Government of the Russian Federation. In accordance with Article 8 of Law No. 473-FZ, the company’s responsibilities include: registering PSEDA residents, supporting application process to state authorities and local self-government authorities regarding the status of a PSEDA resident. The management company enters into an agreement with an individual entrepreneur or a legal entity, which the management company has decided to include in the register (Art. 14).

However, there is no unified approach to management companies operating in territories with a special regime for carrying out business and investment activities.

In recent years, the social development of business has been increasingly recognized, i.e. cases when, in addition to making a profit, business owners achieve socially oriented objectives. These goals can be achieved most effectively just within the priority development areas.

I.B. Mironova identifies three groups of regional factors mostly advantageous for priority development areas:

Group 1: geographical factors. Territories with a favorable geographic location attract investors if there are good conditions for living and professional activities, which requires a solution to the complex problem of infrastructure development, including social and transport infrastructures. If there is no or weak infrastructure support, even if there is a significant resource base, the development of a PDA may be at risk. Group 2: organizational and legal factors, which are determined by a developed and stable institutional environment, the absence of administrative and bureaucratic barriers when creating new resident enterprises, including at the expense of foreign capital.
An important role is played by general political stability in the region(s), in the territory of which a PDA is being created and developed. Group 3: financial and economic factors, which include the whole range of preferences (tax, customs, financial and administrative and organizational) that are (or will be established) for PDA residents.29

1.2. PSEDA in the Far East

According to Z.G. Mirzekhanova, for the development of the Far East, the priority development areas (PDAs) are of great importance. Their formation and functioning are predetermined by the need to move away from the raw material export model in the process of diversifying the territorial and sectoral structure of the economy. A special legal regime and good economic conditions create environment for attracting investments in a wide range of activities.30

Support measures that are used in the Far East include the following:

1. Electronic declaration is a basic information source. More than 95% of all customs declarations are issued in electronic form. In order to speed up customs operations and taking into account long distances, “digital technologies of remote release of goods” are already being introduced and widely distributed in the Far East. As part of the agreement with Rostelecom, it is planned to connect PDAs to fiber-optic communication networks and digital services, which will increase business efficiency. The active use of data processing centers by PDA residents makes it possible to store and process a large array of information. With the help of data centers, operational accounting and analysis of statistical data and economic indicators of enterprises’ activities are carried out.31

2. Investment policy PSEDA is a key factor in their creation and operation. To attract investments in the region’s economy and finance the PDA projects, the Far East and the Baikal Region Development Fund, the Russian-Chinese Fund for Agro-Industrial Development have been created, and specialized banking products have been developed. One of the effective mechanisms of financial support for projects in the Far East and a form of state project financing is the Far East and Baikal Region Development Fund (FEDF), which provides affordable repayable financing. The Fund

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29 Mironova 2019, at 112.
30 Мирзеханова З.Г. Экологические аспекты формирования и развития территорий опережающего развития на Дальнем востоке России // Известия Российской академии наук. Серия географическая. 2021. Т. 85. № 2. С. 263 [Zoya G. Mirzekhanova, Ecological Aspects of the Formation and Development of Priority Development Areas in the Far East of Russia, 85(2) Bulletin of the Russian Academy of Sciences. Geographical Series 263, 263 (2021)].
31 Smyslova & Stroev 2019, at 70.
is a public financial institution with flexible approaches to structuring and financing projects. It invests in the creation of new enterprises and infrastructure facilities that have a significant social and economic effect for the development of the region’s economy.32

The Joint Russian-Chinese Fund for Agro-Industrial Development (hereinafter the RCFAD) was established to finance agricultural projects, including projects implemented within the PDAs. RCFAD is an example of project financing with foreign capital. It was created with the participation of the FEDF and the management company of the Asia-Pacific Food Fund (PRC) as part of the agreement on the joint development of agricultural production in the Far East.

However, PSEDAs in the Far East are considered as ineffective legal regimes. As noted in the literature,

the state budget is still the main investor in the Russian Far East. In regions with low industrial development, investments from the state budget account for about 50% of the total investment, and in per capita terms, the Far Eastern Federal District is still lagging behind the national average in terms of investments. There are several exceptions to this picture. This is Sakhalin with its 75% of all direct foreign investments in the Far Eastern Federal District, as well as Chukotka, Magadan region, and Yakutia, where, with a small population, the extractive industry is developed, and projects in this area are implemented.33

Several PSEDAs have been created in the Primorsky Territory: Nadezhdinsky, Mikhailovsky, Zarubino, Neftekhimichesky, Russky Island. Let us consider the main objectives of creating one of them, in particular, Russky Island PSEDA.

Priority social and economic development areas, following Article 1(2) of Federal Law No. 291-FZ of 3 August 2018 “On Special Administrative Regions in the Territories of the Kaliningrad Region and Primorsky Territory”34 (hereinafter the Law No. 291-FZ), were set up to ensure the functioning of special administrative regions in the

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32 Андреева М.Ю., Вотинцева Л.И. Проектное финансирование – ключ к становлению центров и осей развития территорий опережающего развития Дальнего Востока России // Финансы и кредит. 2017. № 23(17). С. 1020 [Marina Yu. Andreeva & Lyudmila I. Votintseva, Project Financing Is the Key to the Formation of Centers and Axes of Development of the Priority Development Areas of the Russian Far East, 23(17) Finance and Credit 1015, 1020 (2017)].

33 Степанов Н.С. Территории опережающего развития и свободный порт Владивосток: проблемы и перспективы в рамках новой модели развития // Modern Economy Success. 2020. № 1. С. 39 [Nikita S. Stepanov, Priority Development Areas and the Free Port of Vladivostok: Problems and Prospects Within the Framework of a New Development Model, 1 Modern Economy Success 35, 39 (2020)].

34 Федеральный закон от 3 августа 2018 г. № 291-ФЗ «О специальных административных районах на территориях Калининградской области и Приморского края» // Собрание законодательства РФ. 2018. № 32 (ч. 1). Ст. 5084 [Federal Law No. 291-FZ of 3 August 2018. On Special Administrative Regions in the Territories of the Kaliningrad Region and Primorsky Territory, Legislation Bulletin of the Russian Federation, 2018, No. 32 (Part 1), Art. 5084].
territories of Russky Island (Primorsky Territory) and Oktyabrsky Island (Kaliningrad Region) to create an investment-attractive environment for Russian and foreign investors. The legal regime of special administrative regions: the territory of Russky Island and the territory of Oktyabrsky Islands, received the status of PSEDA, in respect of which both General Law No. 473-FZ and special legislation are simultaneously applied.

In Order of the Government of the Russian Federation No. 1134-r of 30 May 2017 “On Approval of the Concept for the Development of Russky Island” (hereinafter the Order No. 1134-r), the following additional factors to increase the investment attractiveness of Russky Island include: the activities of the Joint Stock Company the Far East and Baikal Region Development Fund, aimed, among other things, at providing investors with long-term and concessional financing for the implementation of investment projects; the creation of the Far East Development and implementation of High Technologies Fund, which finances technology companies at an early (seed) stage, manufacturing enterprises that produce high-tech and innovative products in such sectors as information technology, robotics, aviation, space activities, alternative energy, medicine and biotechnology; creation of special conditions for the implementation of medical activities in the territory of Russky Island.

According to Article 3(3)(1) of Law No. 473-FZ, the creation of a PSEDA should be accompanied by analytical information, including a forecast analysis of the social and economic consequences, a predictive assessment of the dynamics of growth in the volume of additional revenues coming to the respective budgets. In compliance with these requirements, among the expected results of the implementation of the Concept for the Development of Russky Island, Order No. 1134-r also provides for important social achievements, namely: the creation of scientific, educational and technological clusters on the basis of the Far Eastern Federal University; comfortable living environment; tourism and service; at least 7,000 jobs, excluding employees of the Far Eastern Federal University.

1.3. Obstacles to PSEDA Development

Despite the advantages of PSEDA activities, there are a number of factors that hinder their development.

First, there is excessive administrative control over residents and an insufficiently effective distribution of powers between state bodies and management companies. According to Law No. 473-FZ, the activities of PSEDA residents are controlled by the

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35 Распоряжение Правительства Российской Федерации от 30 мая 2017 г. № 1134-р «Об утверждении Концепции развития острова Русский» // Собрание законодательства РФ. 2017. № 24. Ст. 3544 [Order of the Government of the Russian Federation No. 1134-r of 30 May 2017. On Approval of the Concept for the Development of Russky Island, Legislation Bulletin of the Russian Federation, 2017, No. 24, Art. 3544].
Supervisory Board of the PSEDA, which includes representatives of the authorized federal body, the highest executive body of state power in Russian regions, other public authorities and the executive and administrative bodies of municipalities, as well as management companies (Art. 6(1)).

Article 7 of this Law stipulates that federal executive body authorized by the Government of the Russian Federation exercises the powers to establish priority social and economic development areas in federal district. Almost all powers related to designing and planning of PSEDA are federal jurisdiction overlapping the powers of the Russian regions.

PSEDAs contain many administrative tools to enhance social and economic development. Preferential status (for example, a reduction in tax rates in the first years up to 0%) and the possibility to access infrastructure and facilities are contrasted to strict compliance measures towards PSEDA residents and their obligation to achieve certain economic indicators when they make commitments in the process of getting PSEDA resident status. Excessive administrative control seems to hinder the development of territories and the activities of their residents, including social investments.

It should be noted that there are different opinions regarding the distribution of powers between federal and regional authorities in regulating PSEDAs. O.Yu. Smyslova and P.V. Stroev note that

> current legal system restricts the regional authorities and local self-governments in their rights of supervision over the PSEDAs, transferring part of the control and supervisory functions to management companies. 36

Other authors believe that

> it is necessary to work out a unified approach to power division in the creation and functioning of priority social and economic development areas, special economic zones and territorial development zones. For example, it is necessary to expand the powers of the Ministry for the Development of the Russian Far East and the Ministry of Economic Development. 37

Second, there is a lack of responsibility of public authorities for not providing state support measures. Law No. 473-FZ establishes requirements regarding the content of

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36 Smyslova & Stroev 2019, at 66.
37 Кузыкин Ю.П., Кузыкин С.В., Реунова Е.С. Территории опережающего социально-экономического развития: становление эффективного механизма развития экономики // Россия и современный мир. 2020. № 1(106). С. 77 (Yuri P. Kuzyakin et al., Priority Social and Economic Development Areas: The Formation of an Effective Mechanism for Economic Development, 1(106) Russia and the Modern World 67, 78 (2020)).
state programs, but does fix neither deadlines for the fulfillment of those requirements nor responsibility of officials or parties to agreements. Consequently, state support of business in the Far East is not fully implemented due to the gaps in laws and regulations.38

Third, there are certain risks for regions receiving the status of a PSEDA. Alongside with economic and social growth of such territories, industrial development and consolidation of clusters in the regions the level of social and economic development of neighboring areas can decline. Therefore,

the work on determining the priority development areas should not turn into a struggle of disparate economic interests of municipalities, regions and private investors. We need to prioritize interests of the country in general.39

Fourth, the competitive immunity provided to PSEDA residents arise problems. Participants in such competition are territories that more actively and convincingly declare themselves as an independent subject of global competition. After receiving a special status, PSEDA residents acquire competitive immunity. Obtaining the status of PSEDA by a region or a monotown gives its residents competitive advantages over other enterprises of alike industry that are not included in this territory. Accordingly, the creation of a PSEDA discourages competitive environment, impacts existing enterprises, undermining their sales markets.

Fifth, there are no necessary requirements for effectiveness indicators of PSEDA. The regulation of territories is impossible without a balanced system of quantitative and qualitative indicators. PDAs presuppose not only the achievement of planned social and economic results, but also work ahead of the curve, which involves achievement in a timely manner of certain indicators. In this realm, a system of effectiveness indicators should be designed for enterprises and companies, for example, cooperation with academic organizations; quality of goods produced and services rendered; interaction with public authorities; other financial and economic results. Financial and economic indicators may include: amount of investments, taxes collected, public funds. Organizational indicators: time management, quality of transaction processing. Indicators that assess the quality of products and services may also include characteristics of population well-being within the PDA, and the share of the business sector in the development of the territory. Indicators of cooperation with academic organizations may include indicators of technological level of developments, and the contribution of science within a PDA. Law No. 473-FZ does not establish indicators for assessing the effectiveness of work, though the possibility of assessment is mentioned in the context of PDA Supervisory Board

38 Kuzyakin et al. 2020, at 74.
39 Ablizina 2017.
activities. We believe this is not sufficient, since such assessment should be carried out by relevant state authorities that control the functioning of the PDA.\textsuperscript{40}

Therefore, to initiate amendments to Law No. 473-FZ is a prerequisite for achieving the goals of advanced development of both the PDAs themselves and the region as a whole.

\section*{2. Legal Regime of Clusters, Technoparks and Industrial Parks}

Unlike PSEDAs, clusters, industrial and technological parks can be created not only in accordance with federal laws and regulations, but also under regional jurisdiction.

The activities within clusters, technoparks are coordinated by Association of Clusters, Technoparks and SEZs of Russia (hereinafter the ACTP RF), established in 2011, which is a leading public and business organization consolidating technological and industrial units. Currently, the Association unites more than 100 members from 50 regions of the Russian Federation, including industrial clusters, technoparks, special economic zones and other entities. More than 215,000 people work at the enterprises of the Association’s members, and the total volume of production exceeds 853 billion rubles (0.8\% of Russia’s GDP). On 6 June 2019 the ACTP RF signed a Cooperation Agreement with the Ministry of Economic Development of the Russian Federation. Therefore, the ACTP RF is obliged to work out and submit proposals for the creation, development and support of technology parks to that Ministry; to monitor the activities of management companies and residents of technology parks and to provide the results to the Ministry of Economic Development; to annually rank technoparks and special economic zones; to participate in the implementation of educational programs for advanced training of technoparks’ residents.

\subsection*{2.1. Cluster Policy in Russia}

Currently, the cluster approach to territorial development is considered one of the most effective tools: this is evidenced by both international experience and the attention paid to it by Russian authorities.

The legal definition of a “cluster” appeared in Russia only after adoption of Federal Law No. 488-FZ of 31 December 2014 “On Industrial Policy in the Russian Federation”\textsuperscript{41} and introduced its main characteristics:

\begin{thebibliography}{99}
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\bibitem{Law488} Федеральный закон от 31 декабря 2014 г. № 488-ФЗ «О промышленной политике в Российской Федерации» // Собрание законодательства РФ. 2015. № 1 (ч. 1). Ст. 41 [Federal Law No. 488-FZ of 31 December 2014. On Industrial Policy in the Russian Federation, Legislation Bulletin of the Russian Federation, 2015, No. 1 (Part 1), Art. 41].
\end{thebibliography}
• specific field of activity (industry, industrial production);
• territorial proximity of the entities included in the cluster;
• connectivity, functional dependence between the cluster entities.

In the Methodological Recommendations for Cluster Policy Implementation in the Regions of the Russian Federation, clusters are understood as associations of enterprises, suppliers of equipment, components, specialized production and maintenance services, research and educational organizations linked by territorial proximity and functional dependence in the production and sale of goods and services.42

T.S. Krasnikova highlights key features of a cluster: 1) geographical proximity of companies; 2) certain specialization; 3) the interconnectedness of companies and related organizations, their complementarity to each other; 4) joint improvement of competitiveness as a result of interaction between companies; 5) the interaction of companies based on a “horizontal principle” including information and knowledge exchange; 6) innovative nature of activities of the companies included in the cluster.43

The requirements for clusters in Russia are established at the subordinate legislation level by Resolution of the Government of the Russian Federation No. 779 of 31 July 2015 “On Industrial Clusters and Specialized Organizations of Industrial Clusters.”44 Currently, 51 industrial clusters from 37 regions of Russia are included in the Russian Register of industrial clusters that meet these requirements. The members of these industrial clusters are 600 industrial enterprises (technological leaders GAZ Group, Arnest JSC, Ulan-Ude Aviation Plant JSC, Monocrystal JSC, among others), many of them demonstrate close industrial cooperation.45

The researchers note that the synergy resulting from the unification of science, education and industry within the clusters serves as a driver for business growth, increasing its competitiveness, expanding access to innovative ideas and projects.

42 Методические рекомендации по реализации кластерной политики в субъектах Российской Федерации (утв. Минэкономразвития РФ 26 декабря 2008 г. № 20615-ак/д19) // СПС «КонсультантПлюс» [Methodological Recommendations for the Implementation of Cluster Policy in the Constituent Entities of the Russian Federation, approved by the Ministry of Economic Development of the Russian Federation under No. 20615-ak/d19 of 26 December 2008), SPS “ConsultantPlus”] (Jul. 10, 2021), available at http://www.consultant.ru/document/cons_doc_LAW_113283/.

43 Красникова Т.С. Аналитический обзор подходов к определению понятия «кластер» и оценки роли кластеров в развитии территорий // Маркетинг МВА. Маркетинговое управление предприятием. 2016. № 1. С. 146 [Tatiana S. Krasnikova, Analytical Review of Approaches to Defining the Concept of “Cluster” and Assessing the Role of Clusters in the Development of Territories, 1 MBA Marketing. Enterprise Marketing Management 144, 146 (2016)].

44 Постановление Правительства Российской Федерации от 31 июля 2015 г. № 779 «О промышленных кластерах и специализированных организациях промышленных кластеров» // Собрание законодательства РФ. 2015. № 32. Ст. 4768 [Resolution of the Government of the Russian Federation No. 779 of 31 July 2015. On Industrial Clusters and Specialized Organizations of Industrial Clusters, Legislation Bulletin of the Russian Federation, 2015, No. 32, Art. 4768].

45 О кластерах // Ассоциация кластеров, технопарков и ОЭЗ России [On Clusters, Association of Clusters, Technoparks and SEZs of Russia] (Jul. 29, 2021), available at https://akitrf.ru/clusters/about/.
The cluster approach is becoming a key trend in the development of a priority social and economic development ensuring accelerated territorial development. The development of territorial clusters in Russia is one of the conditions for increasing competitiveness of the domestic economy and intensifying mechanisms of public-private partnership.

The concept of long-term social and economic development of the Russian Federation, approved by Order of the Government of the Russian Federation No. 1662-r of 17 November 2008 provides for the creation of a network of territorial production clusters that realize the competitive potential of territories, the formation of a number of innovative high-tech clusters in the European and Asian parts of Russia.

In its analytical note “Features of the Functioning and State Support of Industrial Clusters” the ACTP RF mentions possibilities of clusters such as:

• a source of new investment projects;
• import substitution;
• localization of component production;
• cost reduction and/or improvement of the characteristics of components;
• development of new types of products;
• expansion of the geography of product sales, access to foreign markets.

Currently, a number of mechanisms for budget support of investment projects have been formed, as well as measures aimed at improving competitiveness of enterprises, which allows for implementation of cluster development projects without additional increase in federal budget expenditures. In addition, in order to support the development of clusters at the federal level, the Ministry of Economic Development of the Russian Federation will integrate the cluster approach into the developed and implemented industry-based and sector-based development strategies, as well as federal and departmental target programs. The main results of the cluster policy implementation envisage, among other things, securing the growth of non-resource and high-tech exports of goods and services; provision of incentives in order to increase the number of small and medium-sized enterprises; social and economic development of the regions where clusters are based, and attraction of investments.

The cluster form of production has a number of important features, such as:

1) leading enterprises determining a long-term economic, investment and innovative development strategy; territorial localization of cluster members; 2) stability of economic
ties of cluster members, with predominant significance of these ties for the majority of its members; 3) long-term coordination of members within the framework of production programs, innovation processes, management systems, quality control, etc.

Therefore, the cluster approach to territorial development can be recognized as an innovative and efficient method.

2.2. Technoparks and Industrial Parks in Russian Regions

Today, the legal regime of technoparks is considered to be an element of the innovation infrastructure. Technoparks are characterized by following features: 1) specialized management company; 2) innovation activities of technopark residents; 3) development, commercialization and implementation of the results of scientific and technological activities of technopark residents being the main purpose; 4) substantial state support to technopark residents as well as to entities investing in the development of infrastructure of technoparks.48

The first science and technology parks (technoparks) were created in the late 80s– early 90s of the 20th century, mainly on the basis of leading universities in a number of Russian cities (Tomsk, St. Petersburg, Ufa, etc.). In the beginning, they focused, by analogy with foreign ones, on incubation and service support of small firms and did not have a developed infrastructure, real estate, trained management teams, thus their status was as university departments with no objective to initiate, create and support small innovative enterprises.49

Industrial park, in accordance with Article 3(12) of Law No. 488-FZ, is an association of industrial infrastructure facilities under supervision of a management company. Any entities that are not related to each other can operate within the framework of one industrial park.

A technopark and an industrial park are tools that differ from clusters in their content, but are similar in their goals being elements of innovation and industrial infrastructure and non-financial development institutions. It seems that the above characteristics bring the cluster, technopark and industrial park closer to territories with a special regime for carrying out business activities.50

48 Серебряков А.А. Правовое регулирование инновационной инфраструктурной среды в контексте формирования территорий опережающего научного и научно-технического развития // Российско-азиатский правовой журнал. 2019. № 2. С. 30 [Andrei A. Serebryakov, Legal Regulation of the Innovative Infrastructure Environment in the Context of the Formation of Priority Science and Science and Technology Development Areas, 2 Russian-Asian Legal Journal 29, 30 (2019)].

49 Куторго Н.А., Огородникова Е.И. Становление и развитие научно-технических парков в России // КиберЛенинка [Natalia A. Kutorgo & Elena I. Ogorodnikova, Formation and Development of Science and Technology Parks in Russia, CyberLeninka] (Jul. 29, 2021), available at https://cyberleninka.ru/article/n/Stanovlenie-i-razvitie-nauchno-tehnichestkih-parkov-v-rossii.

50 Егорова А.А. Кластеры, технологические и индустриальные парки как особые правовые режимы привлечения инвестиций в экономику региона // Право и экономика. 2019. № 4(374). С. 63 [Anna A. Egorova, Clusters, Technology and Industrial Parks as Special Legal Regimes for Attracting Investment in the Economy of the Region, 4(374) Law and Economics 60, 63 (2019)].
Industrial parks can be created by state, municipal structures and private ones. Through the creation of industrial parks, investments are attracted, new jobs are created. Also, taxes received from the activities of enterprises operating at the park site are returned to the regions. Creation of these investment sites is attractive for municipalities in terms of additional conditions for municipal development.

**Conclusion**

The analysis of legislation regulating and literature justifying territories with a special regime for business activities in Russia has showed that, despite existing problems and unresolved issues in terms of their creation and strategic management, the development of these “growth points” in the regions of the Russian Federation seems to have potential for innovations and social and economic development.

The current laws provide a number of rules establishing preferences and benefits for residents, since there is no doubt that all types of special territories need support for the successful development and implementation of projects, primarily financial (benefits, loans, subsidies) and organizational (infrastructure facilities, premises), and both investment and social orientation is important.

However, some authors believe that there is a need to ensure better conditions for economic, industrial and innovative growth in the regions, and in this way to search for an integrated approach to development of Russian territories and the use of their competitive advantages, and to apply new methods for increasing innovative potential of territories within the framework of the cluster approach.\(^{51}\)

In this connection, it is also necessary to pay more attention to the development of territorial clusters, technoparks and industrial parks, which are good tools for combining investment, science, education and socially-oriented state policy.

**Acknowledgements**

The study was carried out during the implementation of the ESG priority project within the framework of the Decree of the Government of the Russian Federation dated 13 May 2021 No. 729 “On Measures for the Implementation of the Strategic Academic Leadership Program ‘Priority-2030.’”

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\(^{51}\) Smyslova & Stroev 2019, at 64.
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