

# Evaluation of the Federal Policy of Economic Development of Primorye Territory and Vladivostok City, Russia

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# Evaluation of the Federal Policy of Economic Development of Primorye Territory and Vladivostok City, Russia

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## Abstract

Over the last ten years the Russian federal government is making significant efforts and financial investments for the development of Russian Far East and, particularly, Primorye Territory and Vladivostok city. Hosting major international events, creating the Free Port Regime and Advanced Special Economic Zones (ASEZ), infrastructure development, and other projects and activities are part of federal policy, the theoretical base of which is the Growth Poles creation approach. The main aim of this study is to reason to what extent the federal policy regarding Primorye Territory and Vladivostok city succeeded in developing the regional economy. The used methodology is to examine the main statistical indicators change over time. This study claims that despite the wide range of developing measures and significant investments from federal budget, the majority of statistical indicators do not show sustainable growth and the advance achieved during the period under consideration is not high comparing to the amount of investment.

**Keyword:** Words: Regional Development Policy, Primorye Territory, Statistical Indicators

## ロシア沿海地方とウラジオストック市における 連邦開発政策の評価

ガブリロワ アナスタシア

## 要旨

過去10年間、ロシア連邦政府は極東地域、特に沿海地方とウラジオストック市の開発に多大な努力と財政的投資を行っている。主要な国際的イベントの開催、自由貿易特区と先進特別経済区（ASEZ）の創設、インフラ整備などを推進している。その理論的基盤は成長極創出アプローチである。本研究の目的は、沿海地方とウラジオストック市に関する連邦政府の政策がどの程度地域経済の発展に成功したかを推論するものである。使用されている方法論は、主な統計的指標の時系列変化を調べることである。この調査は、広範囲の開発措置と連邦予算からの多額の投資にもかかわらず、統計的指標の大部分は持続可能な成長を示さず、検討中の期間中に達成された進歩は連邦予算からの投資額と比較して高くないと主張する。

キーワード：地域開発政策、沿海地方、統計指標

## AIMS OF THIS STUDY, RESEARCH QUESTION

In the 21 century the role of the Far East of Russia has significantly increased, so the choice of the basic directions of development to turn the Far East into a dynamic region becomes a strategic task for the Russian government. The main theoretical base of Russian regional development policy was set to be the Growth Poles Theory.

Growth Poles creation approach is frequently used in many emerging countries - in China, East Asia and Arabic countries. However, it does not work similarly in every country. In Russia, Growth Poles creation approach is initiated and conducted by the federal government. "Whether it succeeds or not" is the research questions to which I will try to answer. Thus, I plan to evaluate the federal policy of economic development in Russia on the example of Vladivostok and Primorye Territory.

The topic of efficiency of federal government policy regarding Primorye Territory and Vladivostok city has been discussed by several authors. The first wave of popularity of this topic was immediately after the APEC Summit in Vladivostok. This include studies of Goryunov (2012)<sup>1)</sup>, Sevastianov (2013)<sup>2)</sup>, Kuzmenko (2013)<sup>3)</sup>. However, in 2012-2013 it was difficult to produce complete evaluation of the effectiveness of the federal policy and therefore most of the works had rather a predictable nature. The second wave of interest to this topic was after the adoption of two federal laws – "On the Free Port of Vladivostok" and "On the Territories of the Advanced social and economic Development". Among researches conducted in this regard, the works of Wang Bing, Xiang Yijun (2016)<sup>4)</sup>, Solovev, Merkusheva (2017)<sup>5)</sup>, Niyazova, Varavenko (2017)<sup>6)</sup> should be noted.

Besides these two waves there were also researches analysing the federal development programs of the

region. The work of Baklanov, Moshkov, Romanov (2017)<sup>7)</sup> analyses the main statements of the Concept of social, economic and territorial development of Vladivostok city, and Minakir, Prokapalo (2013)<sup>8)</sup> - the Russian Federation State Program "Socio-economic development of the Far East and The Baikal region".

However, there is no comprehensive research of the federal government policy, that use statistical indicators and correlate its growth or decline with the specific parts of federal policy. The previous researches considered only individual parts of the federal policy of economic development of Primorye Territory and Vladivostok city, and predicted the potential success in reaching its objective of regional development. This study aims to examine the change of the main statistical indicators over time under the influence of the cumulative federal government policy and verify to what extent that impacts the regional economy. This article is an overview of the subject with a preliminary current state analysis. Further studies might be devoted to a more detailed research about the reasons why some of the goals of the federal program succeeded while others should have shown more significant results.

## BACKGROUND OF ONGOING FEDERAL POLICY

One of the priority directions of Russia's federal policy with regard to territories' development, is the development of the Far Eastern region. In 2013 the President of the Russian Federation identified the Russian Far East as a National Priority. Starting from 2007 the federal government has put a lot of efforts to develop Vladivostok city as the economic, cultural, touristic, logistic, scientific, medical, and industrial center of the Russian Far East (in December 2018, Vladivostok city officially became the capital of the Russian Far East).

In 2008, the Federal Target Program “Socio-economic development of the Far East and the Transbaikal region for the period until 2013”<sup>12)</sup>, Subprogram “Development of Vladivostok City as a center for International Cooperation in the Asia-Pacific Region”<sup>13)</sup> and “The Strategy of socio-economic development of Primorye Territory until 2025”<sup>14)</sup> were adopted. Later the Federal Target Program was extended until 2018. The total amount of funding for the Program, including the subprogram was 691,995.3 million rubles, with 284,156.6 million rubles for the subprogram.<sup>15)</sup>

As a result, the program was expected to achieve the following indicators in Far Eastern Federal District:

- Create of 69.9 thousand jobs
- Increase GRP 2.6 times
- Increase the volume of capital investments 3.5 times
- Reduce unemployment by 1.7%<sup>16)</sup>

The following goals and objectives of the Subprogram were defined: “sustainable socio-economic development of the city of Vladivostok as a center for international cooperation; implementation of measures to ensure the holding of the APEC Summit 2012 takes place in the framework of the Asia-Pacific Economic Cooperation forum”.<sup>17)</sup>

The Subprogram included the following building projects:

- Bridge across the Zolotoy Rog Bay
- Bridge from Vladivostok to Russky Island
- Campus of the Far Eastern Federal University
- Medical Center
- Primorsky Aquarium
- Theatre of Opera and Ballet
- Vladivostok International Airport reconstruction
- “Low-water” bridge over the Amursky Bay
- Reconstruction of the Federal Highway M60 “Ussuri”
- Others projects, such as construction of roads,

cleaning facilities, reconstruction of urban drainage systems and storm drains.

Beside the Program and Subprogram the federal policy on Vladivostok city and Primorye Territory includes the following:

- Creating of Free Port regime and ASEZs
- Holding international events such as Eastern Economic Forum (EEF)
- Organizing a Gambling zone
- Attracting citizens to the region by the “Far Eastern Hectare” program

Special attention to Vladivostok has started in 2008, when the city was selected as the host of the APEC 2012. Preparation of the city for the Summit included large-scale improvements of infrastructure. The total costs for the construction of APEC summit facilities in Vladivostok for 2008-2012 amounted to 679.3 billion rubles (\$18.7 billion)<sup>9)</sup>. For the federal government, hosting the summit was not a goal in itself, but rather a tool to strengthen Russia's positions in the Asia-Pacific region.

Another measure to develop the region as a logistic center was the establishment of a Free Port regime in the Far Eastern sea ports. Vladivostok received the status of a free port for a period of 70 years. The Free Port regime means a port zone under a special custom and taxation system, with a particular jurisdiction regarding investments. Current number of residents is more than 1 000 companies. Overall volume of investment - 582 billion rubles. Number of workplaces – 60,000<sup>10)</sup>.

In the same 2014, the federal law on creation of ASEZ on the territory of the Russian Far East was adopted. ASEZ is a territory with a special legal regime of doing business with large-scale tax and administrative governmental preferences. Current number of residents – 330. Overall volume of investment is 2,377 billion rubles. Number of workplaces – 57,000<sup>11)</sup>. The purpose of creating a free port regime and ASEZ is to attract investments to

the region, create new enterprises and new jobs.

The Eastern Economic Forum that takes place in Vladivostok every year was established in 2015 by presidential decree with the goal of speeding up the economic development of the Russian Far East and expanding mutually-rewarding cooperation in Asia and the Pacific. Over the last four years, the EEF has become the biggest international platform for discussing the strategy for developing political, economic and cultural ties between Russia and Asia Pacific.

In order to promote Primorye Territory as a tourist spot the Gambling Zone was established. In 2009, gambling was banned almost everywhere in Russia. The only exceptions are four specially designed zones. One of them is the Primorye Gambling Zone. It covers the territory of 640 hectares and is divided between 13 resident companies. The project provides for the construction of sixteen hotels of various classes, casinos, a yacht club, a berth for 65 ships, a ski slope, a trade and exhibition center, an administrative and office center, guest villas, landscaped territories and beaches.

And the last attempt in the sphere of stimulating business activity is the creation of the Program “Far Eastern Hectare”. In June 2016 the Russian government introduced a new law allowing Russian citizens to receive a free hectare (2.5 acre) of land in the Russian Far East. Complete ownership is transferred only after five years, and only if the owner conducts some sort of legal economic activity on the provided land.

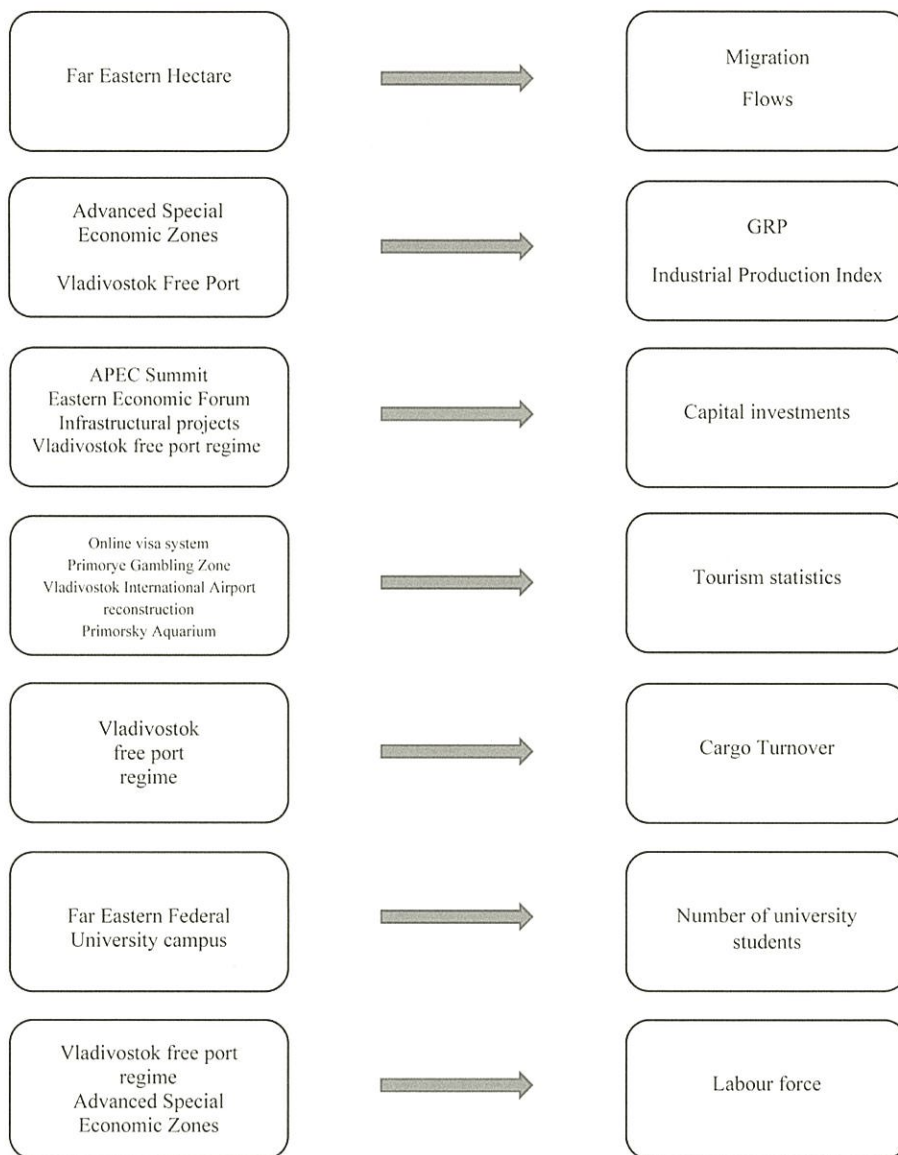
Thus, the federal government is making significant efforts to make Vladivostok not only an economic, but also a cultural, touristic, logistic, scientific, medical, and industrial center in the Russian Far East. The purpose of this research is to evaluate the federal policy of economic development of Primorye Territory and Vladivostok city and answer the following questions: “Has Vladivostok become such a center?” and “Is this large-scale federal government policy effective and sustainable?”

## STUDY FRAMEWORK

Each of the projects mentioned in the previous section aims to improve one or several economic indicators. Some of the projects are directly specifying their relation to the economic indicators in their specification documents while other project goals are more ambiguous and complex and refer to the Program main aim – the comprehensive development of the region.

This study aims to examine the dynamics of the main statistical indicators under the influence of the federal government policy.

In order to get the big picture each economic indicator (right column of Figure 1) is assigned a set of related development projects (left column of Figure 1). I.e. Figure 1 summarizes the development measures of the federal government and economic indicators, by which it is possible to determine the effect of development policy.



**STATISTICS**

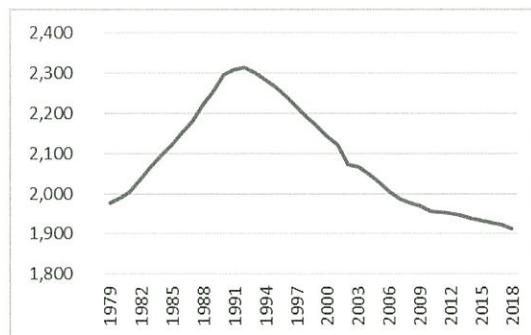
The following statistical indicators of Primorye Territory were analyzed: population, migration flows, nominal and real GRP, GRP by the type of economic activity, Industrial production index, labour force, capital investments, number of university students, cargo turnover of Vladivostok ports, tourism indicators.

In statistical data of emerging countries there may be various inaccuracies and that holds true for Russia too. Data used for the analysis of the impact of the federal policy on the economy of Primorye Territory was taken from official sources such as the Federal State Statistics Service. If data from the news feed was used, it was the official news feed of the Primorye Territory administration.

## Population and migration flows of Primorye Territory

One of the Far Eastern Federal District and Primorye Territory problems is the outflow of its population. According to the statistics, the population of Primorye Territory is decreasing from the 1990s (Figure 2). The same tendency is observed on the territory of the whole Russian Far East.

One of the federal policy purposes for economic development is to reduce the population outflow. However, as one can see from Table 1, there is no pronounced inflow of population to the region. By 2011 the annual outflow of migrants reached 58,379 and have not decreased since then. The inflow could not cover that big outflow and resulted in constant negative balance.



Source: data from Federal State Statistics Service of Primorye Territory  
<http://primstat.gks.ru>

Figure 2. Population of Primorye Territory 1979-2018, thousands people

Table 1. Indicators of migration inflow and outflow of Primorye Territory

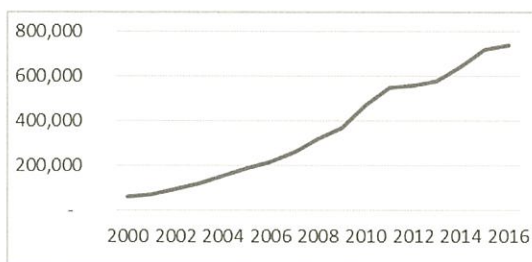
	2006	2007	2008	2009	2010	2011	2012	2013	2016	2017	2018
<b>Inflow</b>	26,402	27,520	29,617	24,881	24,327	59,462	73,666	72,695	77,058	54,487	56,744
<b>Outflow</b>	30,897	30,944	30,538	26,930	31,358	58,379	74,770	79,834	80,267	59,620	59,605
<b>Balance</b>	-4,495	-3,424	-921	-2,049	-7,031	1,083	-1,104	-7,139	-3,209	-5,133	-2,861

Source: Federal State Statistics Service of Primorye Territory  
<http://primstat.gks.ru>

## Gross Regional Product (GRP)

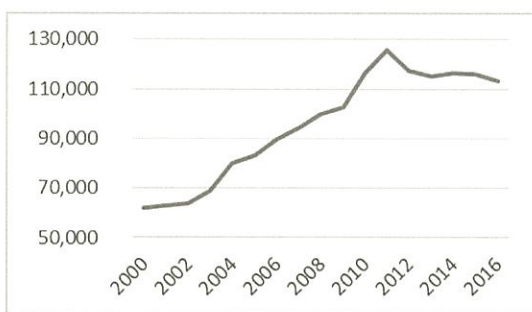
Gross Regional Product (GRP) is a monetary measure of the market value of all final goods and services produced in a region or subdivision of a country in a period of time. Figure 3 shows nominal GRP of Primorye Territory. According to the graph, nominal GRP has been growing during all the period of time.

Figure 4 shows the real GRP of Primorye Territory in the prices of year 2000. According to the graph, real GRP was growing till 2011, but after 2011 a decreasing tendency is observed.



Source: data from Federal State Statistics Service of Primorye Territory <http://primstat.gks.ru>

Figure 3. Nominal GRP of Primorye Territory, million rubles



Source: author's original graph, based on the initial data of Nominal GRP from the Federal State Statistics Service of Primorye Territory<sup>18)</sup> <http://primstat.gks.ru>

Note: author processed data of Nominal GRP to Real GRP by taking year 2000, as the base year

Figure 4. Real GRP of Primorye Territory in the prices of year 2000, million rubles

### Level of prices

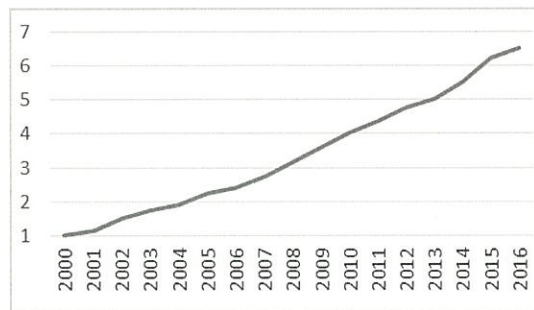
Figure 5 shows the price level change. As one can see from the graph, from 2000 till 2016 the level of prices increased 6.5 times.

Thus, in spite of the quantitative increase in the volume of economic activity in the region, the real economic growth has not improved sharply because of high level of inflation. The possible main reasons of the high level of inflation may be due to the dependence on energy resources, import of products and undeveloped transportation.

### GRP by the type of economic activity

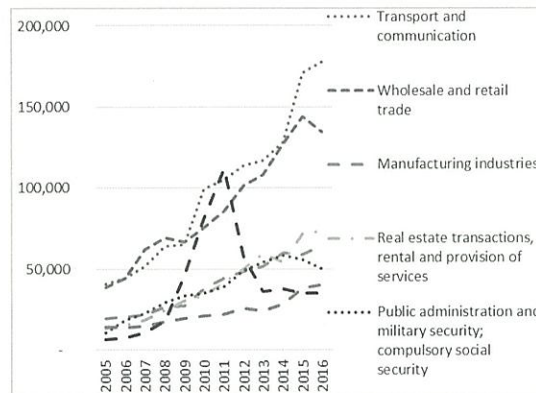
Figure 6 shows the Nominal GRP of Primorye Territory by type of economic activity. The rapid growth of the Construction sector from 2008 to 2011 can be observed. After 2011 this indicator has been dramatically decreasing. These changes can be explained by the start and finish of construction of infrastructure for the APEC Summit in Vladivostok. Increase of “Transport and Communication” after 2014, decrease of “Wholesale and retail trade” after 2015 should also be noted. However, considering the price level change (Figure 5), the Real GRP shows lower growth.





Source: author's original graph, based on the initial data of GRP Index-deflator from Federal State Statistics Service of Primorye Territory<sup>19)</sup> <http://primstat.gks.ru>  
 Note: author processed data of GRP Index-deflator by taking year 2000, as the base year

Figure 5. The price level change 2000-2016 (base year 2000 = 1)



Source: author's original graph  
 Data from Federal State Statistics Service of Primorye Territory  
<http://primstat.gks.ru> as the base year

Figure 6. Nominal GRP of Primorye Territory by type of economic activity, million rubles

### Industrial Production Index

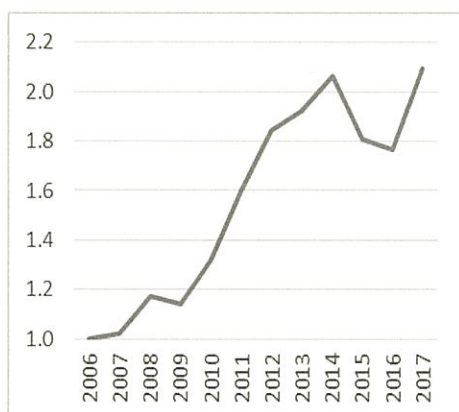
The Industrial Production Index is an indicator of the volume of industrial production in the mining and manufacturing industries, in the field of energy saving and utilities. The index reflects the growth or decline of production and services in the construction sector. It is also called “clean production”. Figure 6 shows Industrial Production Index change in Primorye Territory in 2006-2017.

As one can see from the graph above, till 2014

Industrial production index was increasing. In 2014-2016 the index was decreasing, but in 2017 returned to the level of 2014.

### Labour force

The main purposes of Advanced Special Economic Zones (ASEZ) and Vladivostok Free Port (VFP) regime are investment attraction, creation of new enterprises and as a result – new jobs. According to the information of the Far East Development



Source: author's original graph, based on the initial data of Industrial Production Index from Federal State Statistics Service of Primorye Territory20) <http://primstat.gks.ru>

Note: author processed data of Industrial Production Index by taking year 2006, as the base year

Figure 7. Industrial Production Index change in Primorye Territory 2006-2017 (base year 2006 = 1)

Table 2. The labour force of Primorye Territory

	Total labour force (people at the age from 15 to 72), thousand persons	Labour force		Not in labour force, thousand persons
		employed	unemployed	
2008	1102.7	1021.1	81.6	504.3
2009	1087.9	984.1	103.8	502.5
2010	1071.0	969.3	101.7	511.5
2011	1062.3	977.3	85.0	504.3
2012	1060.9	988.0	72.9	492.5
2013	1068.8	993.0	75.8	484.6
2014	1059.6	986.7	72.9	476.8
2015	1056.6	983.2	73.4	458.5
2016	1049.3	986.5	62.8	448.2
2017	1035.6	979.3	56.3	450.9

Source: Federal State Statistics Service of Primorye Territory <http://primstat.gks.ru>

Corporation<sup>21)</sup>, responsible for implementation of ASEZ and VFP, after the realization of all residents' projects, almost 120 thousands jobs will be created in the Russian Far East. However, according to Table 2, the increase in the number of employed labour force of Primorye Territory is not notable. Considering the implementation of declared projects this indicator should be significantly higher. In 2017 comparing with 2008, the number of employed and unemployed labour force even decreased by 4% and 31%

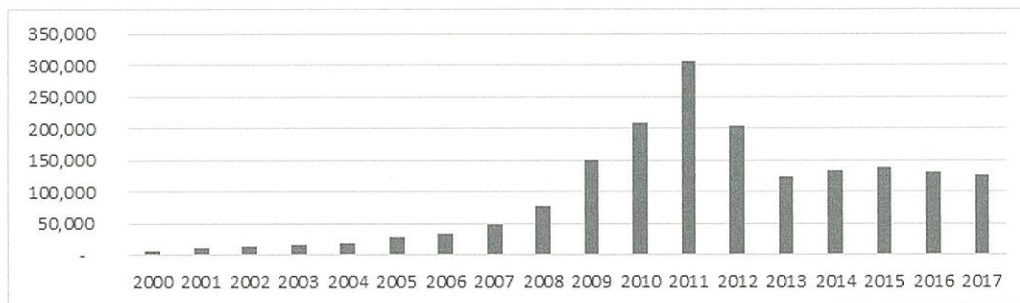
respectively. These changes are probably related to the decrease in the total labour force.

Table 3 shows employment and unemployment rates in Primorye Territory. Despite the fact that the employment rate increases annually, its level in 2008-2017 period changed from 62 to 66%. With the implementation of declared projects this indicator would be significantly higher. However, unemployment rate reduced by 2%.

Table 3. Employment and unemployment rates in Primorye Territory

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Employment rate, %	62.4	61.9	61.2	62.4	63.6	63.9	64.2	64.9	65.9	65.9
Unemployment rate, %	7.4	9.5	9.5	8.0	6.9	7.1	6.9	6.9	6.0	5.4

Source: Federal State Statistics Service of Primorye Territory  
<http://primstat.gks.ru>



Source: Federal State Statistics Service of Primorye Territory  
<http://primstat.gks.ru>

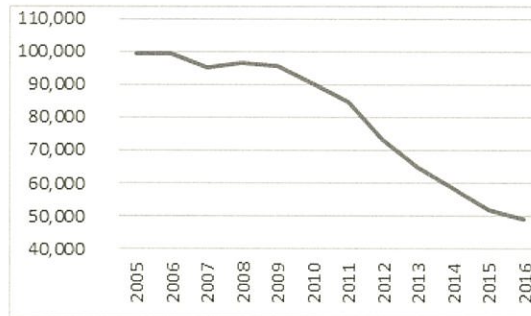
Figure 8. Capital investments of Primorye Territory, million rubles

### Capital investments

Since the 2000s and until 2011, the volume of capital investments has continuously increased. By 2011 it reached a mark, which is more than 4 times higher than the year 2000. This increase is due to the fact that in 2011, APEC infrastructure objects, in particular, bridges and the campus of the Far Eastern Federal University, the Primorsky Aquarium and other projects were implemented. State and private investments were directed to the construction of these facilities. Since 2013, Vladivostok Free Port, Advanced Special Economic Zones and other new economic mechanisms for encouraging investment and industrial development of the region were adopted. However, despite the large list of developing measures, there is a downward trend in capital investments after 2011.

### Number of university students

The creation of the Far Eastern Federal University, as regional and in the future international educational center, was considered as one of the main achievements of the Subprogram “Development of the City of Vladivostok as a Center for International Cooperation in the Asia-Pacific Region”. However, as one can see from the graph below, at present there is a tendency of reduction of the number of students in Primorye Territory. The main reason may be due to the decrease of student number all over the country as the result of fertility decline in 90s after collapse of Soviet Union and the desire of young people to move to the European part of Russia, study and work in better conditions than in the Far Eastern region.



Source: Federal State Statistics Service of Primorye Territory  
<http://primstat.gks.ru>

Figure 9. The number of university students of Primorye Territory, people

### Cargo turnover of Vladivostok ports

One of two statistical indicators that show the tendency of growth is Cargo Turnover of Vladivostok Ports. On the coast of the Far East of Russia for more than 5,6 thousand nautical miles there are 22 trade and 10 fish sea ports. The largest of them are ports located in Primorye Territory - Vostochny port, Nakhodka, Vladivostok, Posyet and Zarubino. These ports are integrated into the Vladivostok port cluster. In 2015, these five ports handled 77.6% (132.7 million tons) of all cargo passing through the Far Eastern basin. Two ports are located on the territory of Vladivostok city – the Commercial Port of Vladivostok and the Vladivostok Sea Fishing Port.

#### Commercial Port of Vladivostok

The Commercial Port of Vladivostok is the largest universal port on the Russian Far East, established in 1859. The cargo turnover in 2017 was 7.5 million tons. On December 17, 2018 the absolute record of cargo turnover - 10 million tons of cargo of various nomenclature was set in Commercial Port of Vladivostok. For the last three years, the Commercial Port has steadily increased cargo turnover volumes. In 2016, freight turnover increased by 11% compared to 2015 and amounted to 5.6 million tons; in

2017 - by 33% compared to 2016, while reaching a record 7.5 million tons. Thus, over three years, the Commercial Port of Vladivostok increased the volume of cargo by 2 times - from 5 million tons in 2015 to 10 million tons in 2018. It is the first time during 120 years of operation of the port that cargo turnover reached 10 million tons.<sup>22)</sup>

Table 4. Cargo turnover of the Commercial Port of Vladivostok 2015-2018

Year	Volume of cargo turnover, million tons
2015	5.0
2016	5.6
2017	7.5
2018	10.0

Source: data from official website of the Commercial Port of Vladivostok  
<https://vmtp.ru/>

#### Vladivostok Sea Fishing Port

The Vladivostok Sea Fishing Port is a universal reloading complex that is capable apart from fish products handling to carry out cargo operations with such cargo classes as timber, metal, fertilizers, cellulose, combustive-lubricating materials, etc. The capacity of the port is more than 5 million tons of cargoes and 200 thousand containers of the international class per year.<sup>23)</sup>

Table 5. Container turnover of the Vladivostok Sea Fishing Port 2007-2017

Year	TEU
2007	52,000
2008	67,000
2009	62,151
2010	77,090
2011	108,767
2012	144,743
2013	149,819
2014	148,114
2015	129,076
2016	142,364
2017	156,753

Source: data from official website of the Vladivostok sea fishing port  
<https://fishport.ru/>

Table 4 shows that the container turnover of the Vladivostok Sea Fishing Port in 10 years increased 3 times. The high growth was in 2010-2012. In 2015 the growth had declined and in subsequent years the growth had slowed down.

One might suggest that the growth of cargo turnover in the region can be achieved by the implementation of the Vladivostok Free Port regime or by the general economic growth, growth of consumption in the

Russian Federation. However, the investigation of the reasons goes beyond the current research.

### Tourism statistics

The federal government by integrating the online visa system for foreign travellers, creating the Primorye Gambling Zone, reconstructing the Vladivostok International Airport, building the Primorsky Aquarium and the Theatre of Opera and Ballet put efforts to increase tourism in Primorye Territory. Looking at the statistics of the Russian Federal Tourism Agency (Table 6), one can see the rapid growth of capital investments in 2010-2016. The number of beds in collective accommodation facilities has doubled. The number of accommodated foreigners increased 2.5 times by 2017. The number of accommodated Russian Federation citizens has also increased. Although the number of travel agencies employees is decreasing since 2013.

Table 7 summarizes the changes of economic indicators described in this section.

Table 6. Primorye Territory statistical indicators of the sphere of tourism 2009-2017

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Capital investments, million rubles	157.2	1051.1	1682.3	3686.3	1171.1	1908.8	1578.6	1 479.6	614.8
The number of employees of collective accommodation facilities, people	5806	5838	5564	5393	5284	5449	5694	6790	7275
The number of travel agencies employees, people	825	809	952	890	775	609	623	340	525
Number of beds in collective accommodation facilities, thousand	21.4	25.5	27.1	27.9	30.1	34.1	39.5	41.6	42.6
The number of accommodated Russian Federation citizens, thousand people	501.5	597.7	559.9	589.3	496.4	488.3	630.9	647.0	807.8
The number of accommodated foreigners, thousand people	91.2	96.9	143.3	166.2	118.3	98.1	113.8	248.3	256.0

Source: author's original made table  
 Data from official website of Federal Tourism Agency of Russia<sup>24)</sup>  
<https://www.russiaturism.ru>

## CONCLUSIONS

In this study I have evaluated the federal policy of economic development of Primorye Territory and Vladivostok city and examined the change of the main statistical indicators under the influence of the federal government policy. These statistical indicators help to understand the real state of the economy and make assumptions on the impact of the policy on them.

After analyzing the results described in the previous section one may see that despite the wide range of developing measures and significant investments from the federal budget, the majority of statistical indicators do not show sustainable growth. Moreover, those indicators that show growth are not so definite. Nominal GRP shows that the volume of economic activity is growing; that is somewhat misleading as it doesn't show the real state of the economy. The average growth rate of GRP is not so high – only 3%. The real GRP tends to recess after 2011 despite all the efforts of the federal government. The population of the region is reducing regardless of the efforts to make the region attractive for relocation. The real GDP shows that the real income and standard of living of resident citizens do not increase after 2011. The main reason may be due to the ongoing high level of inflation in the overall period covered by this study (since 2000).

One of the purposes of federal policy for economic development regard Far Eastern region is to reduce the population outflow. Despite all the measures, the population of Primorye Territory continue to reduce. The number of students in Primorye Territory is also shows the tendency for reduction. It is declared that after the realization of all projects of ASEZ and VFPS residents, thousands of new jobs would be created in the region. Although, the increase in number of employed labour force is not notable. The downward trend is also in capital investments and Industrial Production Index.

On the other hand, there is a positive tendency in tourism, port activity, transport and communication, wholesale and retail trade. The total tourist flow to the region in 2017 exceeded one million people. Between 2009 and 2017, the number of foreign tourists visiting Primorye Territory increased almost three times. In 2009 a little more than 91 thousand foreign citizens visited the region, in 2017 - 256 thousand. 2017 has become a record year for the tourist sphere of Primorye Territory.

In 2018 the absolute record of cargo turnover - 10 million tons was set in the Commercial Port of Vladivostok. It happened for the first time during 120 years of operation of the port. The container turnover of Vladivostok Sea Fishing Port also demonstrates a positive tendency, in 10 years it increased 3 times.

Summing up the results achieved in the economic development of Primorye Territory and Vladivostok, one may see that those are not high compared to the amount of investment from the federal budget. Nominal GRP is growing, the unemployment rate is reducing, cargo turnover and tourist flow are increasing. However, the increasing level of prices affect the real GRP which is not growing as fast as the nominal GRP and the population outflow remains high.

The federal government determined the direction of the regional development with Vladivostok city as the economic, cultural, touristic, logistic, scientific, medical, and industrial center of the Russian Far East. However, it can be assumed that during the implementation arise factors that impede the more efficient economic development of the region. The searching of the reasons why despite a wide range of developing measures and significant investments from the federal budget the growth pole approach in Russia is not that effective as it might be is the aim of my further empirical research.

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