

# Investment support for the development of industries and the labor market in the Far Eastern Federal District as part of a cross-border area

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**Abstract.** The article presents the results of a study on the impact of investment projects that have been selected for funding on the territory of the Far Eastern Federal District. The methodology for selecting and calculating the impact of these projects on economic growth and the region's labor market has been reviewed. The closeness of the relationship of the main socio-economic indicators of the region and the increase in the territorial labor market are considered in details.

**Keywords:** labor market, investment, investment projects, indicators, industry

## 1. Introduction

The Far East is an attractive region in terms of location for partners from abroad and an interesting region with huge reserves of various resources for investors. The state invests a lot of financial resources in the development of this territory, finances infrastructure projects to create accessibility for the development of entrepreneurship and to attract Russian and foreign capital.

## 2. Materials and Methods

The task of the study is to determine the level of impact of investment projects being implemented on the development of the territorial economy and the labor market. At the same time, the methodology for determining the need for personnel is used. This methodology is based on a modern development strategy of the territory. It is due to two main factors: (1) the level of development of the territories of the Far East and the multifactorial nature of their activities; and (2) the need to further improve their socio-economic status.

In terms of content and structure, the technique used has the following main characteristics and parameters. First, the methodology provides for the assessment of the environmental impact through a set of basic socio-economic factors and indicators. Second, the methodology provides for the calculation of the possibility of providing training for highly qualified personnel for the basic economic activities of the Far Eastern Federal District (FEFD) and enhancing the role of Russia in the Asia-Pacific Region (APR). Third, in the methodology, the following indicators are used as sources of the most important macroeconomic data: volumes and structure of investments in fixed capital in the territories of the FEFD (financed investment projects), volumes and structure of R&D, employment, unemployment, and others. According to the methodology of using these indicators in comparison with indicators of GRP, general and specific aspects are highlighted, Fourth, the indicative approach

[1], which forms the basis of the established methodology for predicting the overall and specified dynamics of the development of labor markets until 2025, allows us to identify a set of parameters that affect the external coordination function.

The methodology for assessing the current and investment needs by industry of labor markets may take into account various scenarios provided by the Forecast of the Socio-Economic Development of the Russian Federation for the period up to 2036 (basic and conservative scenarios) [2, 3].

### 3. Results

To apply the methodology, an information base is formed, which takes into account both macroeconomic statistics and program indicators. In this case, we use indicators of the investment projects announced (signed) at the Eastern Economic Forum, during which more than 600 projects were reviewed in 2018 [4]. The authors believe that these “fresh” projects fall under the close attention of the central government, meet the strategic priorities of the development of the territories of the Far East, and have financial support from the state.

According to public data, 220 agreements totaling 3 trillion 108 billion rubles were signed at the Forum [4]. It is reasonable that for these projects, additional personnel will be required, which must either be brought to the Far Eastern territories, or such specialists should be trained. As experts of the Agency for the Development of Human Capital (ADHC) in the Far East states, “Investment projects, territories of priority development (TPD), the Free Port of Vladivostok will create about 80 thousand new jobs in the territory of the Far Eastern Federal District by 2021. These jobs will require the attraction of personnel not only locally, but also from other regions of Russia, and will also create a demand for new housing...” [5]. At present, the total workforce in the FEFD is more than 3.3 million workers. For reference, 8045 thousand people lived in 1990 in the FEFD, 6832 thousand in 2001, 6460 thousand in 2009, 6163 thousand- in 2018 [6, 7].

At the same time, a significant outflow of qualified personnel from the Far East is observed, which is a significant problem for sustainable development. An unequal replacement is taking place. Particularly, the well-capitalized personnel who have received a high-quality education and experience in difficult conditions leave, and people with poor education who have a poor knowledge of the Russian language and elementary work skills come. At the last III All-Russian Conference “The Demographic Development of the Far East” [8, 9], a number of experts noted the presence of negative stereotypes about the difficulty of employment, low wages in purchasing power, the inaccessibility of high-quality infrastructure, remoteness from the center, and small opportunities for self-realization as the basis for population outflow. The migration outflow of the population from the regions of the Far East amounted to 29.7 thousand people in January-November 2018. The positive balance of migration was observed only in the Chukotka Autonomous Region (25 people). In other regions, the population outflow was observed. The largest migration outflow was recorded from the Zabaikalsky (6686 people), Khabarovsk (5149), and Primorsky (3712) territories, as well as from the republics of Buryatia (4320 people), Sakha (Yakutia) (2193 people), and the Amur region (2810 people) [10]. Therefore, the entry of investors into the market and the construction of new enterprises will help reduce this negative trend.

When calculating the impact of investment security on the development of industries and the labor market in the Far Eastern Federal District, the following results were obtained:

1. The main factors that influence the growth of the gross regional product (GRP) and the labor market are investments, population, economically active population, number of enterprises, real incomes. The correlation coefficients ( $k_{\text{кор}}$ ) for these parameters vary from 0.7 to 0.99, which characterizes the close relationship between the indicators. We take into account that when analyzing the impact of indicators, the correlation coefficient is considered as low for indications from 0.5, from 0.75 as average, starting with 0.9 and higher as having a significant impact.
2. The correlation coefficients for the impact of investment on the GRP growth and the labor market are 0.9086 in the Khabarovsk region. These values are 0.5029 in the Sakha Republic,

0.9446 for the Primorsky region, 0.9943 in the Amur region, 0.7124 in the Magadan region, 0.9888 in the Sakhalin region, 0.9241 in the Jewish Autonomous Region, and 0.9417 in the Chukotka Autonomous Region. Relatively low correlation coefficients on the impact of investments on the GRP growth and the labor market demonstrated those territories that have geographic or national characteristics (Sakha and the Magadan region).

3. The number of enterprises located in the Chukotka Autonomous Region ( $k_{\text{kop}} = 0.1639$ ), due to the specificity of the territory, does not affect the growth of the economy at all. The remaining EFD subjects have correlation coefficients from 0.6521 to 0.8692, i.e. they show the effect of an average force.
4. A very important factor for the economic growth of the subject is the real incomes of the population ( $k_{\text{kop}}$  from 0.75 to 0.90). The Primorsky region corresponds to the first value, the Amur region has the highest value of the coefficient (0.9815).

The largest number of investment projects in 2017-2018 relates to the manufacturing industry (917 billion rubles). These results indicate a great interest in providing the Far East with its products, reducing the number of imported products, as well as an increase in export products. Many projects from such industries as transport services, mining, agriculture, forestry, hunting, fishing and fish farming, construction, activities in the field of health and social services are necessary for the quality of the system of development and provision of the Far East, as well as attracting foreign capital. Foreign investments by foreign countries account for 37% (1,149 billion rubles) of the total investment. Such industries as mining, manufacturing, and construction are of the most interest to them.

#### **4. Discussion**

Investing in the economy of the FEFD subjects is one of the factors of sustainable economic growth. State authorities take into account the level of investment attractiveness of the region and implement measures aimed at its increase. Solving the problem of population outflows from a given territory will enhance the effectiveness of factors such as population size and real incomes of the population, and also have a positive effect on the GRP growth. Also, it should be noted that the attractiveness of the region for foreign entrepreneurs is always determined by the presence of special legislation regulating the activities of the investor, the nature of the policy pursued by the authorities, the provision of guarantees for the stability of business, tax benefits. Foreign investments account for more than one third of the total investment. This indicator is the highest among other regions of the Russian Federation, which indicates not only favorable conditions for the implementation of projects in the Far East, but also the further development of the region.

#### **5. Conclusion**

In general, according to the calculations of the development programs of the territories and taking into account the implementation of investment projects, the demand on the labor market should increase by 122600 new jobs, and the GRP should almost double. In the territories of Magadan, Sakhalin regions and the Chukotka Autonomous Region, a large proportion of new jobs will be in demand only seasonally. Extraction, processing, and salting of fish products associated with the periods of the fishing season. In the winter period, the volumes of mining and processing of precious metals are significantly reduced, and so on. Permanent jobs will be created in the territories of the Primorsky, Khabarovsk, and Amur regions and partly in the territories of other FEFD subjects. In these territories, investment projects are implemented for the construction of plants in the gas processing industry, in the production of mineral fertilizers, in the transport and logistics sector, in shipbuilding and ship repair.

In conclusion, we would like to note that the implementation of infrastructure investment projects, the creation of favorable conditions for doing business will attract investors to the territory of the Far East. These are the investors who not only come with their capital and technology, but also become integrators and participants in the development of Far Eastern territories. Investing in the economy of

the FEFD subjects is one of the factors of economic growth. Our state authorities take into account the level of investment attractiveness of the region and implement measures aimed at its constant increase.

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