

# Development of the Ural border regions as an important component of the cross-border integration of the Eurasian Economic Union

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**Abstract.** The article analyzes the dynamics of the development of foreign trade and development of the Ural border regions as an important component and effective tool for deepening cross-border economic integration in the Eurasian Economic Union (EAEU). In the work under the concept of “cross-border region”, the authors mean Russian regions (constituent entities of the Russian Federation) that have interregional ties with administrative and territorial entities of foreign countries, some of which may not be territorially interconnected, and border regions are having land and other borders with contiguous foreign countries. The study is based on the scientific substantiation of the author’s hypothesis that the border regions are the driving force in the development of cross-border cooperation, since, unlike all cross-border regions, they have real opportunities and significant specific features in the development of interregional economic integration, which predetermined the topic of the article and determines its relevance.

**Keywords:** integration, economic integration, trade, foreign trade, cross-border region

## 1. Introduction

On the territory of the Eurasian Economic Union (EAEU), including Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan, the cross-border cooperation of the Russian regions is carried out with Kazakhstan and Belarus, which have land borders with Russia. In Russia, there are 41 border regions (subject of the Russian Federation). A total of four Ural border regions bordering with Kazakhstan, namely: three regions of the Ural Federal District (Kurgan, Chelyabinsk and Tyumen Regions) and one region of the Volga Federal District (Orenburg Region, which has always been considered the South Urals Region) actively participate in the development of international and foreign economic relations region). From the point of view of the authors, all four regions can be attributed to the so-called interdependent or cooperative type of subjects of the Russian Federation.

At present, a sufficient legislative base has been created in transboundary (interregional) and cross-border cooperation. The following are the main legal and regulatory acts in this area:

- In accordance with the Constitution of the Russian Federation (Art. 72, para. 1, nn. “O”), the joint jurisdiction of Russia and its regions is the coordination of international and foreign economic relations of the subjects of the Russian Federation.
- The Federal Law “On the Coordination of International and Foreign Economic Relations of the Subjects of the Russian Federation” (January 4, 1999 No. 4-FZ, as amended on July 13, 2015, in

accordance with No. 255-FZ) clarified the rights and powers of the Russian regions in the field of international and foreign economic connections.

- In accordance with the Federal Law “On the Basics of Cross-Border Cooperation” (Article 11) (July 26, 2017, No. 179-FZ), agreements of border regions of Russia on cross-border cooperation with the territories of neighboring states may be concluded by state authorities of border regions of the Russian Federation.
- There are regulatory and legal acts on cross-border cooperation in the subjects of the Russian Federation, including in the Ural border regions.

The implementation of these constitutional rights and legislative powers of the constituent entities of the Russian Federation to implement the development of international and foreign economic relations allows cross-border and border regions to create favorable conditions for their sustainable development.

## 2. Materials and Methods

In the present work, the authors used several research methods, including comparative geographical, analytical, descriptive, cartographic methods, typology method, statistical methods.

Let's consider the dynamics of foreign trade of Russia and Kazakhstan in recent years. Given the trade restrictions associated with the introduction, starting from 2014, there is a clear instability in the Russian foreign trade with respect to Russia and the adoption of retaliatory measures (Table 1).

**Table 1.** Dynamics of Russian foreign trade in 2014-2018, billion US dollars [10].

Indicator	2014	2015	2016	2017	2018
Foreign trade turnover	782.9	526	468	584	687.5
Export	496.9	344	286	357	449.3
Import	286.0	183	182	227	238.2
Balance	210.9	161	104	130	211.1

Source: Compiled by the authors on: Official website of the Federal Customs Service of the Russian Customs Service of the Russian Federation Available at: <http://www.customs.ru/>.

In 2018, the share of Kazakhstan, which is a member state of the EAEU and with which the Ural border regions border, in the total foreign trade turnover of Russia was 2.65% against 2.95% in 2017. In 2018, Kazakhstan was ranked 11th (in 2017 – 10th) in terms of the share in the Russian trade [11]. Over the past two years, positive trends have emerged in the dynamics of Russian foreign trade with Kazakhstan (Table 2).

**Table 2.** Foreign trade of Russia with Kazakhstan in 2014-2018, billion US dollars [11, 14].

Indicator	2014	2015	2016	2017	2018
Foreign trade turnover	21.5	15.5	12.7	16.0	18.2
Export	14.1	10.7	9.3	11.5	12.9
Import	7.4	4.8	3.4	4.5	5.3
Balance	6.7	5.9	5.9	7.0	7.6

Source: Compiled by the authors using.

All Urals border regions are actively involved in the mutual trade of Russia and Kazakhstan. Consider the dynamics and features of foreign trade of the Ural border regions [10]. Just as in the whole of Russia, it is unstable in nature (Table 3).

In the geography of foreign trade of the Chelyabinsk region, the Republic of Kazakhstan annually is the leading foreign trade partner. Kazakhstan has a share in exports of the Chelyabinsk region over 16%, in imports more than 42% [2, 13].

Foreign trade of the Kurgan region covers over 50 countries of near and far abroad. In the annual foreign trade turnover of the Kurgan Oblast, Kazakhstan traditionally occupies a leading position, with an approximate turnover of \$ 85.9 million (34% of the total commodity turnover) [13].

**Table 3.** Foreign trade turnover of the Ural border regions of the Russian Federation in 2014-2018, billion US dollars [11, 13, 14].

Federation Subjects	2014	2015	2016	2017	2018
Kurgan region	0,4	0,4	0,3	0,2	0,3
Orenburg region	4,2	2,1	2,5	3,0	3,3
Tyumen region (without Autonomous okrugs)	3,3	3,5	2,6	4,8	5,3
Chelyabinsk region	8,0	6,4	5,7	7,7	8,0

*Source:* compiled by the authors according to the Federal Customs Service, Technical Training Department, vocational school, taking into account information about mutual trade with EAEU countries. Available at: [http://customs.ru/index.php?option=com\\_content&view=article&id=27055:-2018-&catid=250:-i-2011-&Itemid=2448](http://customs.ru/index.php?option=com_content&view=article&id=27055:-2018-&catid=250:-i-2011-&Itemid=2448)

The Netherlands and Germany are in the lead in the foreign trade of the Tyumen region, and the share of Kazakhstan bordering with it in the total volume of foreign trade turnover is no more than 3% annually [13].

In 2018, according to the Volga Customs Administration, 89 countries were foreign trade partners of the Orenburg region in export-import operations (84 countries in the end of 2017). The leader from neighboring countries is Kazakhstan (23.6% of the region's foreign trade) [14].

### 3. Results

In the comparative analysis applied below for all four Ural border regions of the Russian Federation, two control time points were taken: the past 2018 and 1999. This is due to the fact that it was in January 1999 that the already mentioned Federal Law No. 4-FZ "On the Coordination of International and Foreign Economic Relations of the Subjects of the Russian Federation" was adopted, which specified the powers of the Russian regions in the field of international and foreign economic relations, and gave impetus to their implementation.

Результаты проведенного исследования свидетельствуют о том, что общее количество нормативно-правовых актов в уральских приграничных регионах в рассматриваемый период увеличилось с 4 до 24, т.е. в шесть раз (табл.4).

**Table 4.** Regulatory framework in the implementation of international and foreign economic relations in the Ural border regions from 1999 to 2018 [3, 4].

Federation Subjects	The number of legal acts in the field of international and foreign economic relations	
	1999	2018
Kurgan region	0	2
Orenburg region	1	5
Tyumen region (without Autonomous okrugs)	1 (including the law of the Tyumen region of November 29, 1995 "On international agreements of the Tyumen region and treaties of the Tyumen region with the subjects of the Russian Federation")	5
Chelyabinsk region	3	12
TOTAL	4	24

*Source:* compiled by the authors [222, 999].

Russian regions are constantly increasing the number of agreements on the implementation of international and foreign economic relations and the development of cross-border cooperation with foreign partners. The region's activity analysis in the sphere of international and foreign economic relations in terms of the number of Agreements signed by Russian regions with foreign partners from 1999 to 2018 was conducted by the authors in all 85 subjects of the Russian Federation [3]. However, in view of the bulkiness of the research results in full, it is not possible to show its results. In this regard, we will present information for only four Ural border regions (Table 5).

**Table 5.** The agreements of the regions on the implementation of international and foreign economic relations and the development of cross-border cooperation in the Ural border regions from 1999 to 2018. [3, 4].

Federation Subjects	Total number of agreements			
	in 1999		in 2018	
	on the implementation of international and foreign economic relations with non-border regions	about the development of cross-border cooperation	on the implementation of international and foreign economic relations with non-border regions	about the development of cross-border cooperation
Kurgan region	-	1 (Republic of Kazakhstan)	4	8
Orenburg region	-	1 (Republic of Kazakhstan)	4	9
Tyumen region (without Autonomous okrugs)	-	1 (Republic of Kazakhstan)	8	10
Chelyabinsk region	-	1 (Republic of Kazakhstan)	5	15
TOTAL	0	4	21	43
TOTAL AGREEMENTS from 1999 to 2018	4		64	

Source: compiled by the authors [222, 999].

According to the study, we note that the total number of Agreements on the implementation of international and foreign economic relations and the development of border cooperation of the Ural border regions with foreign partners has increased from 4 in 1999 to 64 in 2018, ie increased by 16 times.

In the total number of agreements in 1999 (four agreements) they all concerned cross-border cooperation, and in 2018 there were 64 in the total number of agreements, of which 43 were cross-border cooperation, which is more than twice the number of agreements in international and foreign economic relations with non-border regions - 21, when the Ural subjects of the Russian Federation act as cross-border regions. This confirms the hypothesis put forward by the *authors* that the frontier regions are the driving force in the development of cross-border cooperation, since they have real additional opportunities and significant specific features in the development of cross-border cooperation.

#### 4. Discussion

Some results of this study were published earlier by the authors [3], and taking into account a large number of citations and references to it have caused the scientific community wide discussion. In this article, the author's hypothesis about the leadership of border regions in the development of cross-border cooperation is published for the first time and has not received any discussion.

#### 5. Conclusion

In conclusion, we note that the development of international economic integration on an interregional basis, including within the framework of the Eurasian Economic Union, contributes to the sustainable development of cross-border regions of Russia. The article is of practical importance, since the results of the study can be applied and used in the development and implementation of a regional model and strategy for the development of foreign trade in cross-border and border regions.

## 6. Acknowledgment

The article was made at the Ural State University of Economics as part of the RFBR grant No. 18-010-01209 "Forming an organizational and economic model for managing the customs effects of Eurasian economic integration and assessing their impact on the mechanism for implementing an agreed agro-industrial policy."

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