International Conference on Sustainable Development of Cross-Border Regions: Economic, Social and Security Challenges (ICSDCBR 2019)

Problems and prospects of competitiveness of the territories of Greater Altai in the context of sustainable development

A V Krotov^{1*}, R A Karatabanov² and V M Zan¹

- ¹ Altai State University, 61 Lenina prosp, Barnaul 656049 Russia
- ² Eurasian National University named after L.N. Gumilyov, 29/1 Shakarim Khudaiberdiuly str., Nur-Sultan 010000 Republic of Kazakhstan

E-mail: krotov av@mail.ru

Abstract. The article made a spatial-economic and cartographic analysis of the territories of the Greater Altai in terms of their competitiveness and prospects for sustainable development. The position is substantiated in the paper that the regions in question should more closely cooperate, and the article suggests the most optimal options for creating cross-border clusters and inclusion in value chains. As a result of the study, conclusions are drawn about the desirability of regional specialization not only in resource-intensive industries.

Keywords: territory, Greater Altai, cooperation, cluster, cross-border clusters

1. Introduction

In the contemporary world, the processes of formation of compact border territorial communities are intensified, attempts are made in them through regionalization of socio-economic phenomena to achieve better results. In 1998, the project of regional transboundary cooperation "Greater Altai" was conceived as such [1], then the creation of a full-fledged association of the "Euroregions" type was in the plans. If we turn to the UN Sustainable Development Goals, we will see how much of the tasks associated with preserving the planet's climate, providing high-quality fresh water to the population, reducing poverty, etc. Without an acceptable solution or settlement of these and similar problems, it is impossible to talk about the balanced existence of future generations and sustainable territorial progress.

Clashing interests and general differences in the goal-setting of individual groups of society (and sometimes entire national communities) can be traced in these matters. In the territories with a transboundary position, this is clearly visible, and it is here that the coherence of actions of various actors is especially important. The goal number 10 ("Reducing inequalities within and between countries") will be particularly difficult to achieve. We should fully agree with the calculations in [2], where 7 clusters of countries by income were highlighted. It was shown that over the last quarter of a century, only a few countries of the world were able to overcome the backlog and rise higher in the group of better-off states.

In such frontier spaces, natural and geographical conditions are the main component that influences the socio-economic development of regional communities. At the same time, this component constrains it and implies the sharing of potential in order to obtain the highest cumulative result of labor, manifested in the quality of life of the entire local population. In our opinion, the territory of the



Greater Altai is best suited for analyzing the problems and prospects of a peculiar paradox of transboundary sustainable development. Now, a unique overlay of geo-economic problems facing each national government on geopolitical reality and inter-regional competition is taking place here.

2. Materials and Methods

The paper uses a systemic-dialectic approach to the development of a transboundary territorial system, considered at the stages of formation and operation. In the current geopolitical situation, its application is especially productive in conditions of a clearly manifested geo-economic competition, not only between the main actors of the world economic system but also among the neighboring partner countries. This was due to various transformational-deformation factors that manifested themselves at almost all levels. For Altai, the processes of climate change and its consequences, the maximum extensive use of natural resources for today's consumption, contributing to the slow but progressive degradation of natural landscapes, have become particularly relevant. As a result of the acceleration of the technological race of leaders and the development of transnationalization and globalization, the cross-border regions are faced with a choice of strategies for entering the world economy in order to increase their own competitiveness. Based on the spatial and economic analysis of the studied regions, the complexity of achieving a state of sustainable development is shown. The study of successful cross-border projects, practices and models of the functioning of the border areas revealed the best ways to stimulate the balanced development of the Altai territories in the conditions of their ultracontinental position [3] and resource-intensive environmental management. The use of the mathematical statistical apparatus to analyze the data allowed us to show this.

3. Results

The transit central position of the border Altai regions objectively should lead to the success of the development of this territory, if one simply superimposes and apply the experience of cross-border development of European countries. But these areas have the following features: an extremely ultracontinental and in many ways mountainous and foothill position of the territory under consideration within the largest continent of Eurasia, with an extra distance from all ports and main centers for political decision-making and concentration of economic power. In contemporary times, these features have led to the specialization of the spaces in question to a greater extent on the use of existing natural potential in various ways. The almost six times lower nominal GRP per capita in the Altai Republic speaks of the extreme backwardness of the regional economic and the need to create new growth points there.

After analyzing the current economic and geographical position of the Greater Altai in terms of proximity to the main centers of socio-economic potential and the possibility of inclusion in the chain of growth, we have the following picture. Megacities, which are centers of local importance, are located in the immediate vicinity and have no prospects for becoming world cities. These megacities are first of all the closest Novosibirsk (one of the most non-industrial among the largest cities of the Russian Federation), slightly more distant Urumqi and Almaty. Also, it is worth noting the relative proximity of the unique deposits of raw materials. The proximity of raw materials is relative, because only the regions that own these resources can get the highest surplus value from them. This applies to the Khanty-Mansiysk Autonomous Okrug, Kemerovo, Pavlodar Regions, and other districts of the SUAR. We agree with specialists that there are not only economic-geographical or geo-economic factors of regional backwardness, but also purely financial and administrative or even political [4], [5].

The sustainability of the natural complexes of the Greater Altai depends on the degree of exploitation of natural resources (including freshwater reserves), which directly affects the enterprises of the commodity sector. The extensive nature of agriculture, cattle breeding and mining directly inhibits the natural environment. And this is the basic income that is created on the ground areas, if one does not take subsidies from the capitals and the tourist sector. Therefore, the issue of identifying such industries and services that are able to provide the subjects in question with a balanced progress is not at the expense of future generations. We can talk about the re-positioning of individual branches



of regional specialization for more intensive types of business. Recently, there are more and more works, which assert the non-linear relationship between the quality of life of the population and economic indicators [6]. There are studies where various aspects of the human potential of the regions and the diversification of the economy in them are revealed, indicators are calculated that simultaneously correlate with the criteria of sustainable development [7]. The author's figure shows the main centers outside the transboundary space with which it is necessary to build dense business innovation value-added chains and move away from the simple use of the natural resource potential. As a result of the study, a weak link was found between enterprises in the industrial and service sectors, both between border regions and between the closest neighbors of a single national space. The units of industrial enterprises of the Altai Regions have extensive cooperation ties with industrial centers of the Novosibirsk or Novokuznetsk-Prokopyevsk agglomerations. And in the world market of complex products of goods and services, the economic units of the Greater Altai cannot offer competitive goods. This is confirmed by statistics on foreign trade of regions where the raw material direction prevails (metals, grain, chark, etc.).

The authors' earlier works spoke about the identified opportunities for the development of the internal potential of border areas through the formation of the Rubtsovsk-Semipalatinsk transboundary industrial hub and some other projects [8].

Table 1. The ratio of the main parameters of the territories of the Greater Altai in 2018 (calculated by the
authors according to the official statistical agencies of the countries).

Indicators	Altai region	Altai Republic	East Kazakhstan region	Hovd aimag	Bayan- Ulgiysky aimag	Altai district of SUAR
Share of national area, %	1.6		10.5	7.8		1.3
Proportion of the country's population, %.	1.7		7.6	6.17		0.043
Density, (person / km ²)	14	2.3	4.9	1.2	2.3	5.11
GRP share of the country's GDP, %	0.632		5.8	2.05		0.033
GRP per capita	\$3231	\$3270	\$6615	\$778	\$578	\$4781
The share of foothill and mountain landscapes, %	12	89	35	90	95	48

4. Discussion

The main debatable point is the question of whether it is possible with today's technological realities to at least model the non-subsidized functioning of the cross-border area of the Greater Altai within the framework of the concept of sustainable development. We need to determine the degree of importance of the spaces in question in the sense of geopolitical and national-state interests, the use of the economic potential of the regions and the natural-ecological component. Due to the multitude of tasks facing the budgets of Mongolia, Kazakhstan, and Russia and a significant share of Altai lands in their states (see Table 1), we need to carefully choose the growth points and the most important investment projects of the future. Potentially, only China is able to ensure sustainable continuous development of its part of Altai at the expense of state funding, since its share of the economy is not great, in contrast to the area and importance of the district in environmental and geopolitical terms. In the case of subsidized depressive Altai regions, a certain social justice or solidarity of territorial communities is relevant. It is necessary that the rich class use the growth of their incomes not for excessive and ostentatious consumption, but to invest in public goods [9]. In many works, the idea of the need for an equal society at all levels is affirmed [10], but it doesn't say at all about how comparable the results of labor should be to different people living in different conditions of the planet.



5. Conclusion

Updating the concept of sustainable development of cross-border regions requires a clearer understanding of all aspects of the quality of life of the local community. The international geographical division of labor changes when new industries, bringing dividends and power resources, are an order of magnitude (more than traditional ones), appear and concentrate in world cities. Conversely, important, but at this stage and in today's rules, formed from above or beyond national borders, marginal production is localized in areas of backwardness. Domestic regions alone cannot get out of such an artificial poverty trap, not to mention a request for constant progress in the well-being of their population. Cooperation with the nearest centers of added value formation and the formation of local cross-border industrial-innovative and service clusters will help preserve their human potential and achieve acceptable living conditions without disturbing the balance of interests in environmental and social areas. Otherwise, the regions of the Greater Altai will be in the last positions in the rankings on inclusive growth [11]. This is also important because the value or value of goods and services related to the special purity of the natural environment (food, natural medicines and living conditions) will soon be overestimated towards a significant increase. Under the influence of technological progress, there is a possibility of reducing the cost of land transport. And the central points of Eurasia in the territory of the Greater Altai will acquire an obvious competitive component and possibly with the joint synergistic efforts of the national (local) governments and the cross-border regional community turn into hubs (like Dubai or Dublin).

References

- [1] Rotanova I N, and Krotov A V 2018 "Our Common Home Altai": international ecological economical and humanitarian integration in the Altai region *IOP Conf Series: Earth and Environmental Science* 190 012015
- [2] Grigoriev L M, and Pavlyushina V A 2018 Cross-country inequality: the dynamics and problem of developmental stages *Economic Issues* 7 pp 5-29
- [3] Bezrukov L A 2008 The world economy in the context of the continental-oceanic dichotomy *Izvestiya of the RAS Geographical Series* **6** pp 7-18
- [4] Suslov N I 2015 Rent efficiency and quality of institutions in the countries of the world *ECO* 8 pp 103-
- [5] Mezov I S 2018 Regional economy management: lack of an adequate model or a dead end of a liberal concept *Russian Economic Journal* **1** pp 30-44
- [6] Duarte A, Simoes M, and Andrade J S 2016 The welfare state and economic performance: quantiles and nonlinearities *Applied Economics Quarterly* **62**(4) pp 267-294
- [7] Bristow G, and Healy A 2014 Regional resilience: an agency perspective *Regional Studies* **48**(5) pp 923-935
- [8] Krasnoyarova B A, and Krotov A V 2018 China strategic initiative "One Belt, One Road" (OBOR) as tool for development and algorithm for effect on Central Asia countries *IOP Conf. Series: Earth and Environmental Science* **190** 012015
- [9] Klinov V G, and Sidorov A A 2018 World trends in income distribution and problems of socio-economic development *Economic Issues* 7 pp 30-44
- [10] Gizatullin Kh N, and Troitsky V A 1998 The concept of sustainable development: a new socio-economic paradigm *Social Sciences and Modernity* **5** pp 124-130
- [11] Barinova V A, and Zemtsov S P 2019 Inclusive growth and resilience of Russian regions *Region: Economics and Sociology* **1** pp 23-46