

# HOW DEMOGRAPHIC DEVELOPMENT IN THE FAR EAST REGION AFFECTS INTEGRATION OF “BELT AND ROAD” INITIATIVE

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**Abstract:** *The concept of the Belt and Road Initiative revolves around intensive integration of multimodal shipment of products from China to Western Europe along seven alternative transportation routes. The most prospective one is the Northern Sea Route. Yet, due to the poor infrastructure in the Far East region in Russia, the route cannot be used. The conditions also affect demographic situation in the region, which can be improved through the National projects. In addressing Federal Assembly in January [1], Russia’s president pointed out that integration of those projects directly depends on the dynamics of demographic resources.*

**Keywords:** *the Belt and Road Initiative, the Far East Region, demographic resources and their statistical data.*

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## I. INTRODUCTION

As we know, macroeconomic situation in Russia was stable at the end the “zero years” in 2008. At that time, the Government of Russia has adopted a policy on fast-development “Strategy 2020” [2], which planned to increase the GDP to 4% by 2020 by increasing labor capital and its productivity by 40%.

However, because of the financial crisis of 2008-2009 and lack of further initiatives, the policy was adjusted and officially presented in 2012. “New Development Model – New social policy” [3] was developed in Ershov Institute of Informatics Systems (IIS) and proposed diversification of the national social policies under the National projects.

At the same time, China’s government proposed the Belt and Road Initiative, which opened many opportunities to integrate Russian economy into the global system. Also, multimodal shipment from Western China to Western Europe was the most effective solution, because of the specific geopolitics and geography of Russia [4], and the use of the Northern Sea Route would directly affect the economic and demographic potential of the Far East region.

## II. SPECIAL CHARACTERISTICS OF DEMOGRAPHIC DEVELOPMENT IN THE FAR EAST REGION IN RUSSIA

Unique geographic position of Russia without doubts influences economics potential of its regions. Since northern and eastern regions lie away from the industrial center of Russia, those territories have always been behind in their development and required major subsidies in labor capital to keep demographic development on the average national level, despite their natural resources and potential [5].

However, after the fall of the USSR, Russian government has mistakenly overlooked the development of the Northern and Far East regions. Yet, since the beginning of so called “zero years”, the situation has changed and the balance of subsidies for central, east-western Siberian, northern and far eastern regions has proportionally improved. The Far East region has experienced serious deformation of its demographic potential, which has negatively affected social-economic development not only of its regions, but also realization of “Strategy 2020” and National projects by slowing them down. At the same time, decreased demographic potential in the Far East was caused, first, by migration to other regions in the country, when the government has stopped stimulating the regional economy with high wages. Second, the decrease was a result of natural processes of population dynamics in the Post-Soviet times [6]. The data allowed us to show the overall tendency in population decline over the last twenty years (Tables 1-6).

*Table 1. Population change (decline/growth) in Russian regions (in thousands)*

№		1991	1999	2005	2015	2018
		Far East Region				
1	Kamchatka Krai	2,5	-0,4	-0,5	0,5	-0,1
2	Magadan Oblast	2,4	-0,3	-0,4	0	-0,2
3	Sakhalin Oblast	2,5	-2,4	-3,2	0,2	-0,2
4	Sakha Republic	12,2	3,2	3,9	8,2	5,6
5	Chukotka Autonomous Okrug	1,3	0,1	0,2	0,3	0,1
6	Amur Oblast	5,5	-3,3	-4,3	-0,4	-1,8
7	Jewish Autonomous Oblast	1,4	-0,9	-1,2	-0,2	-0,3
8	Primorsky Krai	7,3	-10,5	-11,6	-1,5	-5,7
9	Khabarovsk Krai	6,2	-8,1	-7,7	1,2	-1,9

As we can see in the Table 1, 7 out of 9 subjects of the Far East region experience decline in population, which is caused by both natural processes and increase in migration of those employed in agricultural sector. Deficit in jobs in agricultural sector is compensated by immigrants from China and South Korea. The overall changes in dynamics caused by natural processes in the regions are also reflected in the Table 2.

**Table 2. Grouping of Russian regions in the Far East and East Siberian according to their dynamics in years 1999-2015.**

№	Years: 1999, 2005 and 2015	Quantity	Parts of the region
1	1999 – growth 2005 – growth 2015 – growth	1	Sakha Republic
2	1999 – growth 2005 – decline 2015 – decline	4	Primorski Krai, Khabarovsk Krai, Jewish Autonomous Republic, Amur Oblast
3	1999 – growth 2005 – decline 2015 – growth	4	Kamchatka Krai, Magadan Oblast, Sakhalin Oblast, Chukotka Autonomous Okrug

From the Tables 3-5, the crude birth rate in the Far East region has been declining for over the quarter of century.

**Table 3. Ranking of the Russian regions according to the crude birth rate.**

(years 2011 to 2005)

Crude birth rate growth	Субъекты РФ
0,4 (2 региона)	Sakha Republic (0,333), Jewish Autonomous Republic (0,325)
0,2-0,3 (3 региона)	Primorski Krai (0,226), Khabarovsk Krai (0,206), Amur Oblast (0,261)
Менее 0,2 (4 региона)	Kamchatka Krai (0,192), Magadan Oblast (0,159), Sakhalin Oblast (0,166), Chukotka Autonomous Okrug (0,030).

**Table 4. Ranking of the Russian regions according to the crude birth rate.**

(2015 – 2011 г.)

Crude birth rate	Federal subjects of Russia
0.4 и более (1 регион)	Sakhalin Oblast (0,454)
0.2-0.3 (5 регионов)	Jewish Autonomous Oblast (0,213), Primorski Krai (0,229), Khabarovsk Krai (0,288), Kamchatka Krai (0,277), Chukotka Autonomous Okrug (0,285)
0.1-0.2 (3 региона)	Sakha Republic (0,134), Amur oblast (0,138), Magadan Oblast (0,184)

**Table 5. Ranking of the Russian Federal subjects according to the decrease in crude birth rate in 2018 compared to the period of 2010-2016.**

Crude birth rate	Federal subjects of Russia
0.35-0.40 (1 region)	Sakha Republic (0,394)
0.25-0.3 (1 region)	Khabarovsk Krai (0,257)
0.2-0.25 (3 regions)	Sakhalin Oblast (0,210), Kamchatka Krai (0,244), Amur oblast (0,200)
Below 0.2 (4 regions)	Jewish Autonomous Oblast (0,171 Primorski Krai (0,184), ), Chukotka Autonomous Okrug (0,087), Magadan Oblast (0,158)

**Table 6.** Ranking of the Russian Federal subjects according to crude birth rate in 2018.

Crude birth rate	Federal subjects of Russia
2,0 и более (1 region)	Chukotka Autonomous Okrug (2,598)
1,8-2,0 ( 3regions)	Sakhalin Oblast (1,853), Jewish Autonomous Oblast (1,851), Sakha Republic (1,946)
1,6-1,8 (2 regions)	Kamchatka Krai (1,646), Amur oblast (1,649)
1,4-1,6 (3 regions)	Primorski Krai (1,577), Khabarovsk Krai (1,597), Magadan Oblast (1,506)

If we compare the crude birth rate at the end of 2018 to other periods, it is obvious that Chukotka Autonomous Okrug alone is responsible for the natural population growth. While in other eight subjects depopulation has been stable (Table 6).

Even though displayed data shows negative development, the policies brought up in president's address to the Government of Russia in January will definitely show positive results. Those policies have been in development by the Government of Russia under Mischustin's supervision. As a result, population of the Far East region is expected not only to recover in numbers in post-Soviet times, but to show an exponential growth.

But all of this will require a time period, when it is essential to look for strategic compensation in labor capable demographics in the region to stabilize it in the natural way.

### **III. STRATEGIC PRIORITIES IN SOCIAL-ECONOMIC DEVELOPMENT OF THE FAR EAST REGION**

Researchers from the Institute of Socio-Political Research (ISPR) [7] have proved that Russia's development has always correlated with its positioning in the East. This holds for both Russian explorers in the East (S. Deznev, S. Ermak, P. Semenov-Tyanshanski, N. Muraviev-Amurski, and the others) coming from the Western European part of Russia, and for major-scale subsidized projects (building Trans-Siberian Highway and Baikal-Amur Mainline, investments in cities in the Eastern Siberia and in the Far East). Though the latter didn't have anything to do with land expansion, both areas of strategic positioning in the East have resulted in high economic outcomes over the course of Russian history. This has also boosted demographic potential in the region.

Today's situation will contribute to the cause, considering the president's address to the Government of Russia to develop National projects on both social-economic and legislative levels.

Besides that, development of the National projects are direct attempts to solve both the demographic problem (increasing birth rate in Russia according to historical specifics of its regions) and utilize international economic relations, which in turn will result in larger economic inflow.

This is essential for the Federal subjects in the Far East region [8], [9] and has become a popular topic for discussions for the local forums. Among other topics are subsidized projects in the Eastern Siberia and Far East which require increase in job places, hence, population growth. On the other hand, constant expansion of Russia's and China's relations has also resulted in demand for expansion in the job sector in the Far East, hence, increase in demographic component of the region. Another point is that Russia's participation in the Belt and Road Initiative implies not only use of the existing transportation corridors, but development of the new ones, like expansion of the Trans-Siberian highway to the Korean Peninsula. All of this require high inflow of labor forces.

Unfortunately, we cannot expect an exponential growth in population as a result of the president's address to the Government of Russia in January (2020). Therefore, it is worth thinking of how to attract labor forces from the neighboring countries in the Far East, like China, South Korea, and Vietnam, for realization of the National projects, which will in turn be beneficial not only for Russia, but for the afore mentioned countries.

#### **IV. CONCLUSION**

The solution to socio-economic problems in Russia lies within the National projects. To get the most of them, we should develop a strong infrastructure in the Eastern Siberia and Far East. The analysis of demographic parameters of the Federal subjects in the Far East shows the areas of high demand in labor forces. This productivity will boost the socio-economic potential of the Federal subjects until the demographic potential is restored.

Both the Federal subjects of Russia in that region and economies of the neighboring countries will be better off. This will serve as a catalyzer for the development of transportation infrastructure and the Belt and Road initiative.

At the same time, the UNA- Russia Center in MADI [10] is going to prepare specialists in multimodal shipment by modeling Inland Transport Commission in Geneva, which covers all specifics of transportation in Eurasia.

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