

INVESTMENT ACTIVITY IN THE REGION AS A FACTOR OF ITS ECONOMIC SECURITY

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ABSTRACT

The article considers the main aspects of economic security of the region in the conditions of digital transformation of the economy. The main attention is paid to the problem of investment activity as one of the economic security risk factors. The problem is disclosed on the example of a specific region, namely, Astrakhan Oblast. The authors analyze investment activity in the region, the main investment projects implemented on its territory, and assess the investment climate. The threats and risks to economic security existing in the region are also identified and some ways to minimize them are outlined.

Keywords: *economic security, threats and risks to economic security, investment activity, investment climate, investment policy.*

1. INTRODUCTION

Given the current transformation of the Russian economy, ensuring the economic security of regions becomes one of the factors increasing its competitiveness both domestically and globally.

Economic security ensures the ability of the territory to develop continuously on the basis of available natural, financial, labour and other available resources; the ability of the regional economy to ensure a decent quality of life for the population and political and socio-economic stability.

The main objective of regional economic security is to counteract economic risks and threats, which include excessive growth of regional budget expenditures over revenues, uneven regional development, migration outflows, etc.

Economic security issues are increasingly becoming a topic of research by domestic and foreign economists. Thus, L. Abalkin, Member of the Russian Academy of Sciences and distinguished Russian economist, understands economic security as a state of the economy

when, along with sustainable economic growth, social needs are effectively met. All this is achieved, in his opinion, thanks to the good governance [1]. E. Oleynikov also defines the pivotal role of government institutions in ensuring economic security. He sees their purpose as guaranteeing the protection of national interests and ensuring the harmonious development of the country, despite negative internal and external factors [6]. V. Senchagov, Member of the Academy of Sciences, who considers economic security as the potential readiness of the authorities to create mechanisms capable of protecting national interests to maintain socio-economic and political stability in society, shares the same opinion [8].

Young Russian scientists, such as M. Vlasov, M. Rudenko, T. Feofilova and others pay attention in their studies to the analysis of existing interpretations of economic security [3, 7, 10]. Despite some divergence of views, the common view is that the concept of economic security implies the provision of vital interests of the population by the state by counteracting the influence of risks and threats.

Among foreign authors, the definition of B. Buzan, American researcher, deserves attention. He understands the term economic security as a state of the economy, in which the economic well-being of its subjects is ensured. He also assumes that the stability of the domestic market depends on external factors, but their negative impact can be leveled by mobilizing the resources of the economy [4, 15].

Thus, summarizing the above interpretations, economic security can be defined as an integrated indicator of protection of the economy from the influence of internal and external negative factors (threats). The main subject of economic security is the state, which provides effective protection of the economy from all kinds of threats, using the available institutions and mechanisms.

Therefore, currently in the Russian Federation there is the Strategy for Economic Security of the Russian Federation for the period until 2030, which defines the main directions of state policy in this area and identifies the main tasks to counteract the existing challenges and threats to economic security [5].

L. Goncharenko, Full Professor of Plekhanov Russian University of Economics, Member of the World Academy of Integrated Security Sciences refers to negative changes in the external political, economic, or natural environment, which can cause real or potential damage both to the state as a whole and to its individual subjects, as threats to economic security [11].

Potential risks and threats can also include changes in the political situation, both in the country and in the world, the onset of emergencies (a striking example is the pandemic that has lasted two years), financial shocks, etc. These situations are caused by external factors beyond the control of the regional government's action or inaction. However, there are other risks that arise from internal factors, such as the level of development of the region's production resources, its fiscal policy, the environmental situation, etc. These include a decline in the competitiveness of products manufactured in the region, technological underdevelopment and reduction of scientific and technological potential, budget balancing problems, deterioration of the environmental situation, and growth of the population living below the poverty line. These threats are mainly associated with deficiencies in the system of regional governance, as well as the degree of development of inter-budgetary relations at the meso- and macro-levels. C. Lessman, having studied the impact of inter-regional inequality on the example of 835 regions in 56 countries, concluded that regional inequality increases the risk of internal conflicts

and, consequently, poses a threat to economic security in the region [4, 16].

2. MATERIALS AND METHODS

To write this article we analyzed the works of domestic and foreign authors, devoted to economic security, investment activity management, we also analyzed the data of official websites such as invest.astrobl.ru, astrobl.ru, astrastat.gks.ru, etc.

In the course of the study we used methods of comparative analysis, synthesis, inductive and deductive methods, analysis of scientific literature, statistical and economic method, etc.

3. RESULTS

One of the most urgent threats in today's world for all territories without exception is the threat of a decline in the level of investment activity, which manifests itself in a drop in investment in fixed capital, a reduction in the volume of state funding of priority projects, including research projects, a reduction in the growth rate of foreign investment.

The degree of reality of this threat is influenced by the investment climate of the territory, by which we mean the creation of positive economic, political and social conditions for attracting capital from both Russian and foreign investors [9, p. 110].

A favourable investment climate contributes to attracting additional funds for high-cost projects and infrastructure development in the region.

Let us analyse the state of the investment climate of a particular region on the example of Astrakhan Oblast.

Our region plays a key role in the formation and implementation of the policy of the Russian Federation in the Caspian Sea region. Unique natural resources and a favourable geographical location (the city was originally built at the crossroads of trade routes from east to west and from north to south) make it an attractive target for investment. However, in recent years, the region's investment policy has faced significant problems. Although, according to the Governor of the Oblast, in 2020 investment in the economy increased by 2.2% and amounted to 111.6 billion rubles, this process runs quite difficult [2]. According to the results of the National rating of the investment climate in the subjects of the Russian Federation in 2020, Astrakhan Oblast took only 40th place [12]. In terms of investment attractiveness, it was steadily in the group of regions with a medium level of investment attractiveness (IC4) [14].

The region has leading positions on such criteria as the availability and quality of regional legislation on the mechanisms of protection and support of investors; the existence of an active and convenient Internet portal with all information about investment activities. Entrepreneurs can also easily learn about the infrastructure to support and develop small businesses in the region through the information portal.

For entrepreneurs who have decided to invest in business, the main arguments are the pace and simplicity of permitting procedures, the ability to quickly connect to various types of infrastructure networks, the quality and accessibility of public and municipal services, and financial support for entrepreneurship.

Therefore, in order to create favourable conditions for running business and attracting investments in Astrakhan Oblast the regional authorities pursue the policy aimed at the implementation of eight target models, providing for the reduction of time and number of procedures for connection to the infrastructure objects; simplification of the procedure of obtaining a construction permit and registration of property rights as well as cadastral registration of land plots and immovable property objects; etc. [12]. In this case we can state that these models are projected taking into account the interests of potential investors.

However, an analysis of the results of the implementation of these models shows that the percentage of achieved indicators is quite low. In general, at the end of 2020, it was 77%. At the same time for some models it drops to 16% [12].

Analysing investment activity, let us turn to the dynamics of investment in fixed assets over the past three years (Fig. 1).

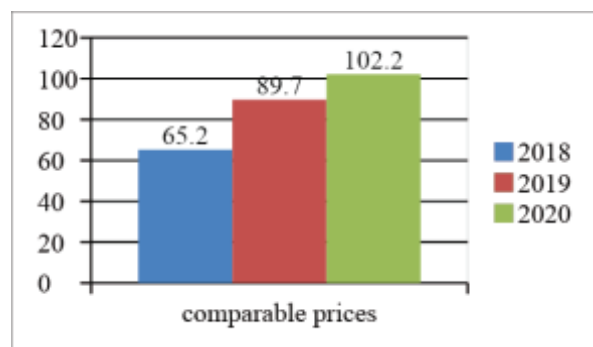


Figure 1. Dynamics of the volume of investment in fixed capital (% of the previous year).

In general, if we consider the indicator reflecting changes as a percentage of the previous year, there is a positive trend. Therefore, in 2020 there was an increase

in the volume of investments by almost 7 million rubles compared to 2019.

The analysis of the structure of investments shows the priority during the entire three-year period of investment in buildings and structures of non-residential purposes. Their share is more than 30% (Fig. 2).

There is also a significant (five-fold) increase in investment in intellectual property in 2020.

At the same time, it should be noted that the main amount of capital investment was directed to the raw materials sector to carry out exploration work. This observation allowed us to assume that when planning the investment policy in sectors of the economy not related to the oil and gas sector, the leadership of the region should take into account the following global trend. Investors mainly pay attention to companies with a significant amount of intellectual property.

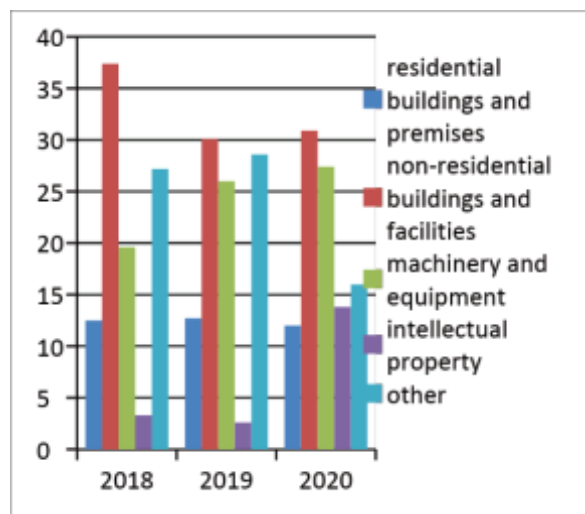


Figure 2. Structure of investments by types of fixed assets (%).

By type of economic activity, the first place in investments is taken by extraction of minerals. Their share is more than 60% of all investments in fixed capital. This is mainly due to the implementation of projects for the development of fields named after Yu. Korchagin, V. Filanovsky, V. Grayfer in the Russian sector of the Caspian Sea.

In 2020, there was a twofold increase in the volume of investment in the construction sector, but a five and a half times decrease in the HORECA sector.

The main share of investment is raised funds in the form of bank loans, budget financing, as well as public-private partnerships (Table).

Table. Investments in fixed capital [8, 9]

	2018	2019	2020

Volume of investments			
million rubles	110 279.5	104 280.2	111 602.7
Sources of financing (thousand rubles)			
own funds	12 337 925	12 576 383	14 351 818
funds raised	81 461 599	74 767 591	79 432 000

Below is a list of some of the investment projects that are being implemented and planned for implementation in Astrakhan Oblast:

- construction of solar power plants. In three years 12 sites were built. The volume of investments amounted to 31.5 billion rubles. This is another priority area of investment activity;
- agro-industrial complex for growing and processing tomatoes. The investment potential of the agricultural sector tripled to 3.2 billion rubles in 2020 [2];
- development of the Yuri Korchagin field;
- other projects.

There was an increase in investment in housing and road construction.

As part of the development of the International North-South Transport Corridor, it is planned to create a port special economic zone *Lotos*, which will unite transport infrastructure facilities, as well as shipbuilding and other high-tech industries into a single cluster. The project envisages a significant share of state investments. Reconstruction of the Volga-Caspian maritime shipping channel and reconstruction of the Saralev water transport node can also be considered promising investment projects.

Two other important projects are related to increasing the capacity of highways and the ecology of the city. These are the construction of the Northern and Eastern bypasses of Astrakhan and the new runway of Astrakhan International Airport. The latter will not only increase passenger traffic but will also increase the efficiency of international business contacts by expanding the geography of flights.

The construction of the marine station in Astrakhan is designed to contribute to the same goal.

Another promising investment project is the revival of cruise traffic between Moscow and Astrakhan. It is planned to expand its scope to include the territories of the Caspian states.

In the near future, our region is also planning to create a Caspian cultural and educational cluster, which will not only be the basis for expanding cross-border and inter-regional cultural cooperation, but will also serve as a base for professional self-realization of young professionals and talented young people.

In order to attract investors, in summer 2020 a regional law "On Certain Issues of Investment Policy Implementation" was developed and adopted, which establishes new and simplifies existing measures of state support for business. The measures mainly concern investors investing in priority areas for the region, such as agriculture, fish farming, tourism, software, and manufacturing industries. The requirements for obtaining the status of an especially important investment project have been lowered for them, which, in turn, gives the right for privileges in taxation and simplification of administrative procedures. Today only four projects implemented in Astrakhan Oblast have this status. For the first time privileges are also provided for representatives of small business, implementing investment projects in the priority branches.

The activity of the government of Astrakhan Oblast to improve the investment climate led to an increase in the investment rating of the region in 2021. For the first time it entered the top 20 of the most attractive regions for investments, having risen by 28 positions at once.

At the same time, for all the above positive trends in the region, there are significant economic security risk factors.

With the changes in the budgetary and tax legislation several years ago Astrakhan Oblast became a subsidized region. All the main taxes paid by the enterprises of the oil and gas sector now go to the head organization, instead of being left in the regions (as it was before the mentioned changes). As a result, the region lost billions of rubles in budget revenues from such region-forming enterprises as Gazprom and Lukoil, which, in turn, served as one of the reasons for the regional budget deficit in 2019-2020. In this situation, in our opinion, it is necessary to take a set of measures to attract additional sources of income, including the revision of inter-budgetary relations between the federal and regional budgets.

We should also take into account the fact that revenues to the region from higher budgets are now mostly target-oriented (to implement national projects, support anti-crisis measures during the pandemic, etc.). Accordingly, the amount of subsidies, which the region can dispose of at its own discretion, is invariably

decreasing in real terms. And this problem is common to most regions. According to the Astrakhan region administration, it is necessary to adjust the budget legislation on the annual indexation of the total amount of subsidies from the federal budget to equalize the fiscal capacity of the subjects in order to solve this problem.

Another negative trend that lowers the level of economic security in the region is the annual decline in small and medium-sized enterprises (SMEs). There are several reasons for this. First of all, it is the COVID-19 pandemic that has been going on around the world for about two years now. The nearly six-month lockdown in 2020 could not help but have an impact on business. Despite the stimulus measures taken by the government, many SMEs simply could not withstand such conditions, went bankrupt and were forced to leave the market. The reasons also include the abolition of single tax on imputed income from 01.01.2021, which was applied to most of the small businesses in Astrakhan Oblast. And if after its abolition individual entrepreneurs had a choice between the four systems of taxation (simplified taxation system, patent system of taxation, self-employment taxation and common system of taxation), the choice for organizations that used the single tax on imputed income was much more modest: either simplified taxation system or a common system of taxation. Moreover, the choice of any of these regimes increased the tax burden on many businesses.

The consequences for municipal budgets, to which the revenues from this tax went, should also be taken into account. It ranked third among the budget-forming taxes in the structure of tax revenues. Of course, it is still too early to draw any valid conclusions. Analysis of tax revenues for 2021 and statistical data on the dynamics of business entities will show how effective was the decision to abolish single tax on imputed income.

Socio-economic threats undoubtedly include the migration outflow of population from the region. According to statistics for 2020, 22,975 people left the region, while the number of newcomers was only 17,852 [13].

In addition, the demographic dynamics themselves are negative. There is a natural decrease in population in the region.

Another depressing fact is that most of them are promising, talented young people who, unfortunately, do not see an opportunity to realize themselves in their native region and earn a decent income in the future. And there is an influx of unskilled labour from Central Asia. Perhaps the planned creation of a cultural and educational

cluster is to some extent designed to solve this problem. However, this requires a significant time lag.

4. CONCLUSION

To summarize the study, the following aspects should be noted:

- investment policy is an integral part of the activities of regional authorities aimed at ensuring the economic security of the region;
- decline in investment activity is one of the risk factors that reduce the level of economic security;
- favourable economic, political and social conditions must be created in the region to attract Russian and foreign investors;
- analysis of the investment climate of Astrakhan Oblast allowed drawing conclusions about positive trends. From 2020 to 2021 the region rose in the National rating of investment attractiveness by 28 positions (from 40th to 12th place) and entered the top twenty regions with the most attractive investment climate;
- at the same time, the study showed that there are serious risks to the economic security of the region, to which we include: the budget deficit, migration outflow and natural population decline, as well as the reduction of small and medium businesses;
- in order to ensure that these risks do not develop into real threats, the government of Astrakhan Oblast needs to pursue a balanced and effective policy aimed at ensuring economic security, including in terms of improving the conditions for attracting investment;
- support of small and medium-sized businesses, whose activities are aimed at the development of production, including in the agricultural sector, which is traditional for Astrakhan Oblast; development of eco-tourism; creation of transport and logistics infrastructure in the region should become a priority.

AUTHORS' CONTRIBUTIONS

The article has been written by a team of authors, all authors have taken equal part in the theoretical analysis of the problem and in carrying out the research. L.V. Usacheva analysed and summarised the information on the investment activity in Astrakhan Oblast in recent years and wrote an original manuscript. E.V.

Polyanskaya assessed the investment climate in the region and identified the main problems hampering the attraction of investments. E.G. Perepechkina was engaged in the survey of Russian and foreign sources on the research problem. T.V. Samarets was responsible for the material on threats and risks to the economic security in the region.

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