UDC 330

HOW EFFECTIVE ARE THE SPECIAL ECONOMIC ZONES AS THE ATTRACTION OF INVESTMENTS?

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Therefore, the paper should address the effectiveness of Special Economic Zones (SEZs) as the attraction of investments in the example of Russian Federation, assess their real impact on socio-economic development processes, and alternative ways to improve their functioning to pay off their investments and serve as a catalyst for economic growth in the region. Currently, 30 SEZs are operating in the Russian Federation.

Key words: investments, Special Economic Zones, Russian Federation, financial infrastructure.

НАСКОЛЬКО ЭФФЕКТИВНЫ ОСОБЫЕ ЭКОНОМИЧЕСКИЕ ЗОНЫ КАК СРЕДСТВО ПРИВЛЕЧЕНИЯ ИНВЕСТИЦИЙ?

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В статье следует рассмотреть эффективность особых экономических зон (ОЭЗ) как средства привлечения инвестиций на примере Российской Федерации, оценить их реальное влияние на процессы социально-экономического развития, а также альтернативные пути совершенствования их функционирования для окупаемости вложенных инвестиций и выполнения роли катализатора экономического роста региона. В настоящее время в Российской Федерации действует 30 ОЭЗ.

Ключевые слова: инвестиции, Особые Экономические Зоны, Российская Федерация, финансовая инфраструктура.

The introduction

The Free Economic Zone (FEZ), Special Economic Zone (SEZ) or Free Trade Zone (FTA) - is part of the territory of the State under which there are special import-export regimes for goods, preferences for certain types of production, special employment rules for employees, visa-free regime, etc., "greenhouse conditions" for the conduct of State-promising activities. In most cases, the newly created SEZ is faced with the task of strengthening the regional economy by attracting foreign capital to selected sectors of the national economy, developing foreign trade, or turning the territory into a scientific and technological center where modern intellectual products or goods with high added value will be created (Kolesnikov 2018, p. 134).

The characteristics of FEZ are three (Kupriyanov 2012, p. 355):

1.   Availability of one or more types of preferences: trade (cancellation of duties, simplified processing of exported and imported goods), fiscal (cancellation or reduction of tax rates), financial (granting of loans under state guarantees, preferences for investors), and administrative (visa-free regime, simplified reporting, reduction of frequency of inspections, etc.).

2.   Independent FEZ authorities are empowered to make a wide range of administrative decisions.

3.   Comprehensive state support for FEZ.

Among the positive effects that FEZ has on macroeconomics, it is necessary to emphasize (Zheriborov 2019, p. 44):

–   Redistribution of capital between industries, as a result of which promising knowledge-intensive industries receive additional financing, and industries with low economic potential are reduced or go into modernization phase;

–   Increased financial decentralization of the economy, resulting in an end to the outflow of capital and labor resources from the regions;

–   New management, production, and trade technologies are rapidly spreading across all branches of the national economy;

–   creation of jobs for qualified employees, which prevents the leakage of valuable personnel abroad;

–   International investment is driving the industrialization of the developing economy;

–   an environment of initiative investors interested in participation in innovative projects with high profitability and attracted by preferential conditions of capital provision (state guarantees, low taxes, etc.) is formed around the newly formed FEZ.

Depending on the type of SEZ chosen, their microeconomic effects may change, but macroeconomic development's overall positive effect remains unchanged as the attraction of investments. Any FEZ requires creating a social, financial, and sometimes transport infrastructure serving it, which entails the redistribution of budget funding to the region's benefit where the zone is formed. Simultaneously, as a promising industry, following the needs of which FEZ is being created, several related industries are being developed. Besides, the formation of FEZ is usually accompanied by a so-called "technological boom" related to the mass introduction of innovative technologies necessary for its operational support. Among the additional positive effects of special zones should be mentioned the adjustment of communications in the field of B2B, the improvement of the efficiency of cooperation between the state and business, and the country's international image's improvement.

The research question and methods of work

We set the following research question:

How effective are the economic zones in the Russian Federation as the attraction of investments?

With the methods of case study, description, compilation and deduction we will give the companies advice for archiving and auditing accounting documentation.

Analysis of existing approaches to measuring the impact of SEZs on the regional economy

The range of objectives for creating economic zones is quite broad: attraction of investments, an increase of export volume, acceleration of import substitution, the formation of new chains of relations between economic actors, the realization of industrial potential, an increase of GDP of the region, etc. Therefore, the criteria for evaluation of the efficiency of the SEZ also vary significantly:

1.   In order to evaluate industrial production zones, the primary quantitative performance criteria are payback time (due to the considerable cost of their creation and maintenance) and the volume of production of target products with high value-added.

2.   Tourist and recreational zones can be estimated by the rate of tourism development in the region, the volume of the flow of non-residents entering the country, the volume of capitalization in the sphere of services, and the number of citizens recovered zone. Qualitative criteria - preserving the established ecosystem and realization of the existing natural potential - are also critical.

3.   For technical and implementation zones, the number of new technologies integrated into the production cycle and the total cost of refined knowledge-intensive products are essential indicators of activity.

4.   Port zones can be estimated by the volume of trade turnover, number, and cost of built infrastructure facilities.

The general principle of efficiency calculation for different types of economic zones is to compare the state funds spent on the creation and maintenance of SEZs and the number of revenues received from the zone's operation. Therefore, it can be said that the effectiveness of SEZs depends to no small extent on the depth of strategic planning and the quality of the delivery of budgeted funds.

In addition to the economic criteria for the effectiveness of SEZs, as the attraction of investments their assessment should also take into account the social tasks assigned to the zone by the very fact of its creation: industrial-production and port zones should contribute to increasing the availability of products in the market of consumer goods, tourist-recreational zones - to promote the

health of the nation and increase the average life expectancy, technical-implementation - to prevent the outflow of qualified personnel. Any zone is a source of job creation, an incentive to raise the level of education and culture, and an "accelerator" for the region's socio-economic development (Business Navigator 2019, p. 134).

The main difficulty of the integrated assessment of SEZs' effectiveness as the attraction of investments is the lack of objective methods of determining their social significance to the State. On the one hand, it is possible to estimate with high accuracy the volume of capital attracted by this zone, to calculate the number and cost of infrastructure and production facilities created, the number of new jobs, the volume of taxes paid to the budget, the growth of the number of registered enterprises, etc. On the other hand, it is not clear that these positive effects would not have occurred in the absence of SEZs - labor, investment, and government support could have been directed to other socio-economic aspects, and perhaps the benefits of an alternative solution would have been more significant (Deren 2019, p. 229).

Considering the question of assessing the impact of SEZs' as the attraction of investments functioning on the economies of the regions where they are located, it was noted that this aspect is not covered in the domestic literature. Most authors focus on assessing the effectiveness of SEZs. Furthermore, this assessment is based on the "Rules for Assessing the Efficiency of Special Economic Zones" approved by the Russian Federation's Government. According to the "Rules for Evaluating the Performance of Special Economic Zones," 5 groups of indicators are used to assess the performance of special economic zones (Deren 2019, p. 232):

a) absolute quantitative indicators of operation of the special economic zone;

b) relative quantitative indicators reflecting the effectiveness of the activities of the residents of the special economic zone;

c) relative quantitative indicators reflecting the effectiveness of investments of federal budget funds, budgets of subjects of the Russian Federation, and local budgets in the creation of facilities of engineering, transport, social, innovation, and other infrastructure of the special economic zone;

d) relative quantitative indicators reflecting the impact of the functioning of the special economic zone on the social and economic development of the region on the territory of which it was established;

e) relative quantitative indicators reflect the managing company's activities to perform the functions of managing the special economic zone and creating infrastructure facilities following the list of infrastructure facilities.

A five-point system of values is used to estimate the performance of the special economic zone:

5 points - if the planned indicators are fulfilled by more than 90 percent;

4 points - when the planned indicators are fulfilled by 70-90 percent;

3 points - when the planned indicators are fulfilled by 50-70 percent;

2 points - when the planned indicators are fulfilled by 35-50 percent;

1 point - if the planned indicators are met by less than 35 percent;

0 points - if planned indicators are not fulfilled.

The total value of the total indicator of operation of the special economic zone according to the performance of the forecast-planned indicators of the special economic zone is determined as a weighted average value. Based on the weighted average values obtained, the efficiency of operation of the special economic zone for the reporting period and the period from the beginning of operation of the special economic zone is evaluated using the following criteria (Resolution of the Government of the RF 2019):

• from 5 to 4 points - effective functioning of the special economic zone;

• from 4 to 3 points - quite an adequate functioning of the special economic zone;

• from 3 to 2 points - effective conditional operation of the special economic zone with the need to improve in specific directions;

• from 2 to 1 point - low level of efficiency of operation of a special economic zone;

• below 1 point - inefficient functioning of the special economic zone.

However, the Rules do not provide for an assessment of the impact of the BMS on the regional economy. In the current version of the rules for assessing the effectiveness of the SEZ's functioning,

priority is given to the analysis of the profitability of budget investments in the construction of infrastructure in the SEZ and the efficiency of resident activities. A block of already few indicators of assessing the impact of SEZ on regional development was removed, and an indicator of financial responsibility of the Russian Federation's subjects for non-achievement of forecast-planned values of SEZ development indicators was introduced.

In an article by Trojan and Thurina (Gyppankova 2020, p. 188) the assessment of the impact of the SEZ's functioning is based on the calculation of the primary growth rate of specific indicators of development of the subject of the Russian Federation, including the SEZ. They characterize tax revenues of the regional budget, average annual production, employment, and incomes of the population, migration growth and mortality of the population, and housing stock. Effectiveness is assessed at the end of the SEZ stages envisaged in the operating agreement. This assessment determines whether the region has improved as a result of the establishment of SEZs. However, the conclusion on the efficiency of its functioning is not unambiguous, as it is formed based on an analysis of statistical indicators of the development of the region with annual periodicity (the indicator as of the year of completion of the SEZ phase and the year before its establishment) without taking into account changes over the whole period (Klim 2008, p. 29).

At the same time, it is recognized that in addition to the direct results of the activities of special economic zones, there are also several indirect results of the work of the SEZ as the attraction of investments for the regions (for example, the increase in GRP, the increase in recognition of the region in international markets, the increase in the overall level of labor of the region, the increase in the standard of living in the region, the stimulation of general economic transformation, etc.). The effects of this kind are eluded by the traditional approach to measuring SEZs' performance (Markova 2017, p. 43).

Developing the ideas of an innovative approach to the evaluation of the effectiveness of SEZ, T.A. Sukhaprov and A.M. Blinov developed their methodology for the study of the efficiency of special zones, which is based on the thesis that the most general and universal aspect of the impact of SEZ on the economic indicators of the region is to increase its investment attractiveness.

The source of inspiration for the development of the Sukhparova and Blynova (Sukhaprova 2014, p 40-43) approach was the simulation principle used to evaluate the business environment using the Doing business methodology, which is to draw up a universal template of the business enterprise and model its activities in different regions' economic conditions, followed by the calculation of key performance indicators. The development model takes into account quantitative and qualitative data provided by 8,000 interviewers from around the world. This makes the comparative analysis of territories more objective and scientifically based.

The method of Sukhparova and Blynova consists of carrying out a comprehensive assessment of the dynamics of the region's development, which is carried out in three dimensions (Markova 2017, p. 49):

1.   To determine the rate of development of the SEZ by year from the beginning of its establishment and to assess the key economic indicators of the region in which it is located. The analysis uses data covering also the period before the formation of the economic zone.

2.   Assessment of investment attractiveness of the region, for which the results of research of third-party organizations and independent experts, data of international rating agencies are used. The advantages of involving a third party in assessing the region are objectivity of data, taking into account the results of the study not only official statistical indicators but also data of sociological surveys and the availability of qualified expert interpretation of the collected information.

3.   Assessment of the economic benefits of implementing investment projects in this SEZ. To carry out this stage of research, several typical projects are taken, and the process of their implementation is simulated in different territories, after which the obtained results are compared. The focus is on comparing investment efficiency indicators: payback period, profitability index, reduced net income, and internal return (Abakarov 2015, p. 59-60).

This approach's main advantage is to compare the conditions of doing business in territories of different levels, including regional and municipal entities (Markova 2017, p. 50).

Kupriyanov and Shevtsov (Erokhina, 2015, p. 16) offer a methodology for assessing the impact of SEZs on the competitiveness of the region. It can be used to identify the SEZ's actual impact (after some, for example, one year of its existence in the region) or to predict the possible

consequences of the creation of the SEZ based on an analysis of applications and business plans submitted by future residents. Influence indices (private) reflect the degree of change of specific critical indicators of the region's economy, dynamics of its resource base, and social development during the period of existence of SEZ in the region. For zones of different types, an adjusted set of private indices is possible, and also the "weight" or significance of individual indices may be different. For each type of SEZ, it is necessary to use mainly specific indices and their different "weights" (Erokhina 2015, p. 18).

In particular, the authors propose the calculation of such indices of the impact of SEZ: on innovations introduced in the region; investment in the region's economy; to joint business activities; on the availability of jobs; for regional exports; for the budget of the region; on the standard of living, on the reputation (image) of the region. Impact indices are calculated as a proportion of the corresponding SEZ indicators in the region-wide indicators (Erokhina 2015, p. 19).

In Lukash and Bukharov (2019), it is proposed to use an econometric approach to assess the impact of the SEZ's functioning on the economy of the region. This approach identifies the factors that have the most significant impact on territorial development by using indicators for the development of municipalities and SEZs. The implementation of this approach includes the following steps (Lukash and Buharov, 2019, p. 160):

1.   Stage 1. Based on the data characterizing the municipality, to build models that reveal structural changes in its development caused by the functioning of the SEZ. Stage 1 tests the hypothesis that the establishment of the SEZ has had a positive impact on the municipality's development. To do this, a regression model with variable coefficients is considered. Thus, as the resulting variables of SEZ's impact on the economy of the region, it is proposed to use the average number of employees in the organizations, the volume of goods shipped, works and services performed, the average annual production in value terms. As explaining variables, it is proposed to explore investments in fixed assets and SEZ residents.

2.   Stage 2. Based on the addition of information on the SEZ to the data on the development of the municipality, to build models that determine the direct causal links between the development of the municipality and the SEZ's functioning on its territory. In step 2, a regression analysis of the relationships between the indicators characterizing the municipality (dependent variable) and the SEZ (explaining variable) is carried out.

In general, the proposed approach identifies factors that increase the influence of SEZs (and in the future other territories with special legal regimes of economic activity) on the country's regional development (Klim 2008, pg. 31).

An exciting approach to the assessment of the impact of free economic zones in regional economy is presented in the World Bank "Special Economic Zones: An Operational Review of Their Impacts," it considers the impact of FEZ on the change of illumination of the territories around them as an indicator of infrastructure development (Starostina 2016, p. 19).

Conclusion

The new stage of development of the SEZ of the Russian Federation began in 2005 with the adoption of Federal Law No. 116 "On Special Economic Zones," which officially established a typology of the created economic zones: industrial-industrial, technical-implementation, tourist-recreational and port, rules and principles of their creation and functioning. SEZ

Currently, 30 SEZs are operating in the Russian Federation. Even though SEZ's planned state support is not fully implemented, there is an increase in the performance of SEZ, such as revenue, the number of jobs created, and the construction of the necessary infrastructure.

To date, the domestic literature describes several methods of assessing the effectiveness of the SEZ as the attraction of investments and its impact on the regional economy. Different authors propose to use the assessment of the impact of the functioning of the SEZ on the competitiveness and investment attractiveness of the region, to assess the importance of the SEZ by their share in the indicators of social and economic development, as well as by the dynamics of social and economic development of the region in which the SEZ is located. However, neither method allows for comprehensive impact analysis.

Based on the analysis of existing approaches to the assessment of the impact of SEZs as the attraction of investments, a methodology is presented to identify the impact of SEZs on the regional economy, which proposes to consider SEZ performance indicators in three aspects as a share of regional macroeconomic indicators, in comparison with other SEZs, and using correlation analysis, identify the relationship between private investment in SEZs and the growth of the region's economy.

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