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Investment and trade attractiveness as the factors in economic development of the regions

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Abstract. The article discusses performance indicators of trade and investment attractiveness of the regions that comprise the Siberian Federal District; it also considers the consequences of the 2008 global financial crisis and the emerging trends of economic development. Investment attractiveness of the territory is defined by a set of its socio-economic development indicators. The level of investment attractiveness is the most important condition for investment activities and it promotes the quality of life.

The authors identify a number of factors that determine the level of infrastructure development and the formation of favorable business climate in the business environment.

The article provides a detailed analysis of the growth rates and the volume of investment in fixed capital, which are the main evaluation indicators of investment attractiveness. The attraction of investment contributes to the development of trade relations, services and social sphere.

The analysis of trade attractiveness makes it possible to rank the regions of the Siberian Federal District according to the indices of trade attractiveness, which will enable to use available resources most efficiently under the conditions of tough competition and to consider projects that enhance the attractiveness of business entities.

Key words: investment attractiveness; outflow of capital; trade attractiveness; national factors; business environment; business climate; competition.

Economy has historically been one of the pillars of the society. Thanks to the achievements of economic thought the humanity has outstanding achievements in the field of engineering, manufacturing and technology. Economy has contributed to the development of social and spiritual components of the society. Economy as a dynamic system is undergoing characteristic changes over time: the development of new forms and methods of interaction between subjects of economic relations requires enhancements of the existing theoretical principles and laws.

Despite the fact that the economic system is becoming more reliable and perfect, for the last 100 years several crises have occurred thus revealing the existence of cycles in the context of economic systems development.

The 2008 global financial crisis has shown the fragility and vulnerability of the seemingly perfect economic systems of the leading world countries. Long recession and further stagnation in many countries has resulted in a natural decrease in the level of industrial production and then in a catastrophic rise in unemployment and uncontrolled growth of budget deficit.

Although Russia, unlike many countries, has suffered from the crisis to a lesser extent, we can not be sure that the country's economic system is invincible. The emerging trend of slowing growth and weakening of the Russian ruble indicates the formation of negative systemic trends.

In 2008–2013, according to the Bank of Russia, there was annual capital export from Russia, totaling about 400 billion U.S. dollars in the period under review. It clearly indicates a low investment attractiveness of the Russian market [10].

The deterioration of the situation can be prevented by improving trade and investment attractiveness of the regions. The article considers the assessment and impact of these characteristics.

The authors define the investment attractiveness of the country or region as a set of economic indicators, indicators of political, social, legislative development. Investment attractiveness determines the direction of movement of financial, intellectual and human capital in the country or abroad. This approach is similar to the definition proposed by the L.C. Valinurova and O.B. Kazakova [5, p. 35]: "Investment attractiveness is a combination of different objective characteristics, features, funds, possibilities of an economic system, promoting effective demand for investment". In the works of the Russian economists there are various interpretations of the considered concepts. For example, I.B. Maksimov [8, p. 14] believes that investment attractiveness (or unattractiveness) is an investor's subjective assessment of the country, region or enterprise in terms of making decisions about investing funds, respectively, in the country, region or enterprise. N.V. Kiseleva [7, p. 382] considers investment attractiveness as "an integral characteristic of single companies, industries, regions, countries as a whole in terms of prospects for development, investment yield and a level of investment risk".

In turn, in the modern economic science the commercial attractiveness issue has not been studied deeply, there is no definition of this notion. In the article the authors disclose their point of view on the region's commercial attractiveness as an economic category.

The 2013 Presidential Address highlighted the policy to improve business and investment climate as necessary elements of comprehensive economic and socio-political development of the country. The accomplishment of the given tasks requires the detailed analysis of each region in the federal districts as integral parts of the RF single economic space and the implementation of innovative, mainly non-resource projects.

For Russia and the Siberian Federal District, in particular, it will be extremely difficult to attract serious investments in non-resource industries and projects. In terms of investment capacity the primary industries are more attractive, but investment yield and dividends receipt are delayed for an extended period of time due to the specifics of the relevant projects implementation. Across the world there is a widespread practice to invest in the projects that develop the consumer market and are commercially attractive.

One of the tasks relevant to the modern society is to create favorable conditions in order to stimulate economic growth, improve the quality of life of the population. The tasks can be achieved by investing in the real sector of the economy. Commercial attractiveness as an aggregate indicator helps assess the prospects of investing in retail trade of the region.

The article describes the regions of the Siberian Federal District, analyzes a number of factors that determine commercial and investment attractiveness and calculates and compares indices of commercial and investment attractiveness of the regions.

In modern conditions the attraction of investments into the real sector of the economy ensures the development of production, creates the conditions for research and innovation, reduces the likelihood of social tension. In order to provide a significant breakthrough in the sphere of production, raise the level of education, health and science it is necessary to create a favorable climate for long-term investment.

The choice of indicators used in the calculation of indices is based on the article of Doctor of Economics Yu. L. Aleksandrov [3]. The method, published in "Kommersant" [9] was modified and presented as an experimental version, in accordance with the author's understanding of commercial and investment attractiveness. The given below methods help conduct a preliminary comparative analysis of commercial and investment attractiveness of the regions without special economic-mathematical tools. The results of such an analysis can be used both by state bodies and commercial entities as an initial stage to identify promising investment markets.

The index of region's investment attractiveness is calculated on the basis of a ratio of industrial output (Io) and a number of enterprises and organizations (Ne), a number of economically active population (Neap) and investment in fixed capital per capita (Ifc).

The formula to calculate the investment attractiveness index (IA) is the following:

$$IA = \sqrt{\frac{Neap}{Ifc} \times \frac{Io}{Ne}} \ .$$

According to the analysis of investment attractiveness of the Siberian Federal district regions, the Krasnoyarsk Oblast is

on the lead by the indicators, such as a number of economically active population (1513 thousand people), industrial output (983862 million rubles), investment in fixed capital per capita (132313 rubles) *(tab. 1)*. These indicators are achieved due to the current measures to improve the investment climate. However, the Kemerovo Oblast is characterized by high investment attractiveness. The 2012 data analysis indicates that the Kemerovo Oblast (IA=16.3), the Omsk Oblast (IA=16.0), the Irkutsk Oblast (IA=13.4) are the Siberian Federal District regions that are most attractive for investment.

Investment attractiveness serves as a characteristic to conduct an analysis at the regional level, commercial attractiveness – to identify a commercial aspect of the regional economy. For the most effective analysis it is better to use both indices. The commercial attractiveness index is calculated on the basis of the following ratios: a number of the economically active population (Neap) and retail trade turnover per capita (Rtt), average income per month (I) and subsistence minimum per month (Smin).

The formula to calculate the commercial attractiveness index (CA):

$$IA = \sqrt{\frac{Neap}{Rtt} \times \frac{I}{Smin}} \ .$$

Table 1. Indicators of investment attractiveness of the Siberian Federal District regions
(as of January 1, 2013) [11]

Subject of the Siberian Federal District	Number of economically active population (Neap)		Indicators of investment attractiveness						Index of region's investment attractiveness (IA)
			Number of enterprises and organizations (Ne)		Industrial output (Io)		Investment in fixed capital per capita (Ifc)		
	People	Rank	Units	Rank	Million rubles	Rank	Rubles	Rank	
Altai Republic	99 000	12	7772	11	3923	12	43 118	9	1.1
Republic of Buryatia	462 000	9	18 733	8	78 591	10	42 239	10	6.8
Tyva Republic	120 000	11	3774	12	7241	11	35 464	11	2.5
Republic of Khakassia	261 000	10	10 942	10	116 693	8	71 592	4	6.2
Altai Krai	1 195 000	5	53 684	4	240 583	7	34 888	12	12.4
Krasnoyarsk Krai	1 513 000	1	72 659	2	983 862	1	132 313	1	12.4
Irkutsk Oblast	1 246 000	4	62 285	3	582 533	4	64 572	5	13.4
Kemerovo Oblast	1 401 000	3	51 953	5	944 350	2	96 278	3	16.3
Novosibirsk Oblast	1 441 000	2	144 327	1	367 641	5	60 024	6	7.8
Omsk Oblast	1 049 000	6	48 623	6	649 505	3	54 989	7	16.0
Tomsk Oblast	494 000	8	34 987	7	288 369	6	101 725	2	6.3
Zabaykalsky Krai	532 000	7	16 145	9	86 574	9	52 975	8	7.3

The commercial attractiveness index of the Siberian Federal District regions reveals the following leaders: the Kemerovo Oblast (CA = 6.3), the Irkutsk Oblast (CA = 5.7) *(tab. 2)*. Krasnoyarsk Krai and the Novosibirsk Oblast shared third place by this indicator (CA = 5.4). Despite this, by all the commercial attractiveness indicators Krasnoyarsk Krai ranged the 1st (in this situation the third place by CA is caused by the indicators ratio included in CA). It is important to note that average income per month over 20 thousand rubles was reached only in Krasnoyarsk Krai and the Novosibirsk Oblast. These regions had similar results by retail trade turnover per capita (149 and 147 thousand rubles, respectively). According to the analysis, though Krasnoyarsk Krai and the Novosibirsk Oblast are undoubtedly a driving force in the Siberian Federal district, the Kemerovo Oblast and the Irkutsk Oblast have high potential for it, that is why the correct policy in the development of this direction can promote economic growth.

As mentioned above, the used formulas are experimental. The limited indicators used in the indices calculation definitely leads to inaccurate results due to the omission of factors which can have a high impact on the analyzed attractiveness indices. At the same time, this approach reflects the principle of ease-of-use analysis tools.

Table 2. Indicators of commercial attractiveness of the Siberian
Federal District regions (as of January 1, 2013) [11]

Subject of the Siberian Federal District	Number of the economically active population (Neap)		Indicators of commercial attractiveness						Commercial attractiveness index (CA)
			Average income per month (I)		Subsistence minimum per month (Smin)		Retail trade turnover per capita (Rtt)		
	People	Rank	Rubles	Rank	Rubles	Rank	Rubles	Rank	
Altai Republic	99000	12	14277.7	10	6505	7	75583	11	1.7
Republic of Buryatia	462000	9	17119	8	6766	5	116893	4	3.2
Tyva Republic	120000	11	11932.6	12	6462	8	48949	12	2.1
Republic of Khakassia	261000	10	15991.4	9	6405	9	106164	6	2.5
Altai Krai	1195000	5	13628.9	11	6257	10	105754	8	5.0
Krasnoyarsk Krai	1513000	1	22137.6	1	7715	1	149112	1	5.4
Irkutsk Oblast	1246000	4	17720.3	6	6557	6	103165	9	5.7
Kemerovo Oblast	1401000	3	18385.5	4	5698	12	115686	5	6.3
Novosibirsk Oblast	1441000	2	20637.1	2	6989	3	147816	2	5.4
Omsk Oblast	1049000	6	19468.8	3	5773	11	133668	3	5.1
Tomsk Oblast	494000	8	17875.6	5	7077	2	99139	10	3.5
Zabaykalsky Krai	532000	7	17335.6	7	6784	4	105860	7	3.6

The analysis allows us to consider Krasnoyarsk Krai from the point of view of trade and investment attractiveness. The programs to develop consumer market adopted at the level of a RF subject and at the level of the city of Krasnoyarsk will encourage the increase in the economically active population and the growth of economic performance of the region in the near future.

The positioning of Krasnoyarsk Krai as an innovation center that can build up new high-tech production, focused not only on raw material industries, but also on social development will help the region attract investments, including foreign ones, in different sectors of the economy.

In the conditions of high competition Krasnoyarsk Krai should use available resources reasonably and elaborate strategic projects that can radically change its economic position as a resource region, thus enhancing its commercial and investment attractiveness.

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