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Functioning of Tourist Recreational Special Economic Zones as Institutional Tools to Include Tourist Clusters in the World Economy

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Abstract:

Nowadays to attract tourists to our resorts it is necessary to carry out our own tourism policy determined by the possibilities of this industry and which is to solve a number of social and economic problems.

According to a number of the adopted government acts "On special economic zones in the North Caucasian Federal District" on the territories of the investment sites the works to create engineer infrastructure and the related infrastructure are to be conducted for the further competitive and successful functioning of the tourist and recreational clusters, and special economic zones are to be created.

Keywords: *Special economic zones, world economy, tourist clusters, tourist and recreational zones, state regulation, foreign trade activity, resorts, investment environment.*

JEL codes: E29, F40

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1. Introduction

The creation of the special economic zones (SEZ) in Russia has always been an important issue and has been under discussion for a long time. In this connection in 2003 the government developed different middle-term economic development programs which were adopted by the Russian Federation Government decree of the of August 15, 2003 No. 11 63-r, it was supposed to work out the legal basis to create “the formations with special economic conditions of functioning subsequently called special economic zones” in the Russian Federation. This problem has been more than once discussed in media.

For example, on July 25, 2005 the President signed the Federal Law #116-FL “On special economic zones in the Russian Federation” where Article 2 defines the notion of the special economic zone. According to this article “Special economic zone, identified by the Russian Federation Government, is a part of the Russian Federation territory with the special mode of business”. Thus, the notion of special economic zone was fixed legally.

2. Special economic zones as tools to include tourist clusters in the world economy

Special economic zones have been created in many countries to intensify economy and penetrate into the international markets with different goals ranging from global ones connected with elimination of unemployment and low social and economic development to very specific ones, for example, to observe and protect interests of both producers and consumers.

In many countries SEZs have become the integral economic mechanism able to become the effective means to accumulate as well as to spread and transfer foreign economic experience to boost the competitiveness of the national production. It is obvious that the creation of SEZ is risky due to the connection with financial investments into the infrastructure. Moreover some ways of business activity introduced into the certain national economy can become alien for the economy. V.V. Putin ordered to stop creating the new SEZs till 30 June, 2016 and to cease business in ten already functioning ones. A number of inspections revealed the facts, that the previously allocated twenty four billion were not used for the planned targets, and these facts were released (Azar *et al.*, 2017).

In this connection the government ordered to develop projects with clearly described mechanisms to optimize the budget investments to govern Russian’s subjects. But it is worth mentioning that apart from the certain risk, SEZ is involved in the international economic cooperation almost in all possible forms and it can give an impulse to realize certain types of production in the SEZ and eliminate inefficient managerial links and technological chains. In prospect it means optimizing the SEZ

economic complex and integrating it into the both national and world economy (Azar and Tumanov, 2016).

All types of the SEZ can promote integration of the national economies into the world economy, however, every certain economy acts at a certain international market segment. Undoubtedly, there are no ideal models of the zone, suitable for all cases, which could guarantee the inflow of the foreign investments at full extent. But with proper of assessing the territory potential possibilities and with proper choice of the certain zone model it is possible to form investment regime able to realize the territory's economic advantages, for example, its proximity to the international economic exchange centers, scientific and technical potential implementation or big labor resources concentration (Basenko and Grigoryan, 2009).

The Ministry of the Economic Development, the Federal Agency for Tourism, the newly created Federal Agency for the Management of Special Economic Zones and representatives of the Russian regions took an active part in the preparation of the bill on special economic zones of tourist-recreational type. As a result on 3 June, 2006 the Russian Federation President signed the Federal Law # 76-FL "On Amending the Federal Law "On Special Economic Zones in the Russian Federation". Due to this law the third type of the special economic zones, the so-called "tourist-recreational special zone" (TR SEZ), was introduced. These are special economic zones created to provide services in the tourist sphere (Basenko and Taranov, 2012). Tourist-recreational zone creation objectives are:

- to boost tourism activity competitiveness;
- to develop health resorts;
- to improve the organization of treatment and prevention of diseases.

Development of mineral water fields, therapeutic mud and other natural medicinal resources can be actively implemented in the tourist-recreational zones (Bagiryan, 2018). Our country's resorts daily provide the treatment and rest services for more than 5 million people, and Stavropol Krai is one of the leading Russian regions with rather high tourist-recreational potential. Its tourist-recreational potential allows speaking about the creation of a region's special tourist cluster able to boost the position of the traditional tourist places and in the long-run to create the new rest zones on whose basis new tourism directions will be developed (Bagiryan, 2018).

A lot of projects, allowing taking a worthy place the world tourism, boosting investment attraction, improving service quality in the Caucasian Mineral Waters, developing technologies applied for the therapeutic purposes, are implemented on the territory of the given region. Apart from the projects, the programs to create a tourist cluster by 2016-2020 able, according to the data, to double tourist flow are implemented.

For example, there is a special economic zone in Krasnodar Krai, with the same name as the peninsula, New Anapa located between the Black sea and two limans on the Blagoveshchensk spit. Diving, paragliding, kite surfing, windsurfing, jumping as well as charity festivals, for example, the Southern Russia festival “Razbushlat” can be offered for tourists and those loving outdoor activities (Voloshin, 2017). The Blagoveshchensk spit resort zone is oriented for the family beach vacation in different forms:

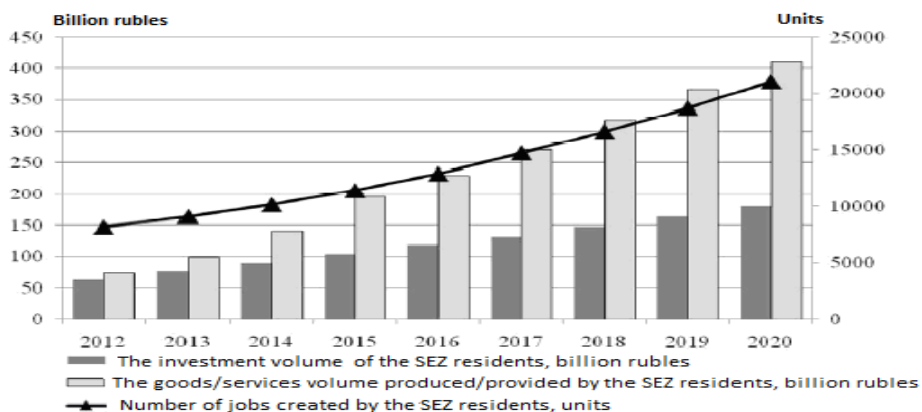
- “all inclusive”;
- sightseeing with children;
- balneology and SPA – therapy;
- timeshare apartments, detached mini-hotels;
- sport facilities: golf, tennis, a water park, sailing and windsurfing.

SEZ "Grand Spa Yutsa" is located in the center of the Caucasian Mineral Waters approximately 10 kilometers from the city of Pyatigorsk and 35 kilometers from the Mineralnye Vody Airport. The purpose of this project is to create a balneological resort meeting the requirements of modern trends and it was presented at the “Sochi-2008” investment forum. Other 14 tourist-recreational objects in four resort towns – Kislovodsk, Yessentuki, Zheleznovodsk, Pyatigorsk, town of Lermontov, Mineralovodsky and Predgornny municipalities were included in the project. In the future it is planned to create other complexes able to increase receipts to budgets at all levels as well as to create new jobs in the tourist-recreational organizations (Kondratov, 2017).

SEZ development allows creating the conditions not only to attract investments in the regions but promote international cooperation through business activity special legal regime as well. In this connection the Russian Federation government adopted the Resolution No. 316 of April 15, 2014 where the Russia's economic and investment indicators up to 2020 as well as target indicators were included. The target indicators are directly connected with SEZ functioning and presented on Figure 1.

A number of the developed projects, programs, strategies and concepts play a key role for the SEZ development because they promote introduction of the modern mechanisms to invest in the limited territories to implement commercial activity. They are also a key to introduce tax, investment and budget policy of the state to attract investment into the knowledge-intensive industries and eventually to enter the world market. As it has already been mentioned, SEZs are created by the countries taking into consideration the economic tasks in the transition period and they offer prospective models to develop the territories possessing good preconditions to create the centers of growth (Rybashev, 2017). The idea to create a SEZ in the Southern and North-Caucasian tourist clusters was stipulated, first of all, by the desire to integrate into the world economy as well as the necessity to develop some types of activity which are important for the national economy on the whole.

Figure 1. The target indicators to form investment environment in the RF according to SEZ functioning up to 2020.



While introducing the SEZ of the tourist-recreational type apart from the potential opportunities the problems demanding instant solutions arose. One of such crucial issues was personnel training and retraining. It is absolutely clear that without highly qualified staff it is impossible to improve the tourist services quality. In this connection to improve the tourist-recreational activity as well as to involve recreational resources into tourism it is necessary to take measures, namely: to develop new disciplines to study the tourist-recreational activity in the special economic zone, to find new mineral water fields, therapeutic mud and other natural medicinal resources as well as to produce them and apply (Rukovishnikov, 2017).

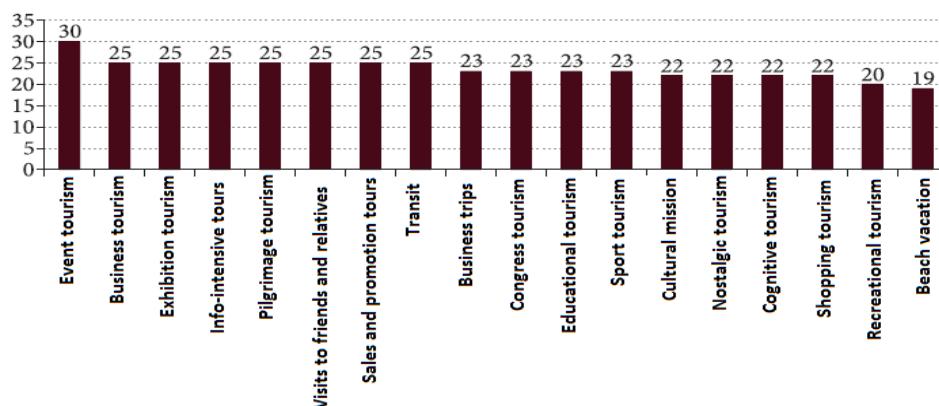
The SEZs are very promising and rather effective to develop international cooperation which promotes investment attraction and further growing of both economic and scientific potential of our country. As a foreign experience shows, that according to the results of SEZ activity and investment attraction, it is impossible to organize and develop them without a creation of a whole system promoting the financing of the innovative projects and companies. Consequently it is expedient for the leading national banks to carry out an active policy to attract investments and to adapt them to the applied in the international practice financial tools and to the specific features of every SEZ.

At present there are mechanisms developed to sign agreements with the investors and it is worth mentioning that their selection process is not transparent enough. As to the SEZ of the tourist-recreational type the essential clauses of the agreement are a location factor and harmonization of the project concept. In this connection it is necessary to work out and regulate the process, including the identification of the advantageous rights of the investors, who had signed agreements at the stage of the preparation and filing an application for a Federal contest to select the SEZ (Safronov, 2018).

The tourist-recreational special zones are aimed at increasing the tourist flow. For example, the most ambitious project of the tourist-recreational special economic zone is in Krasnodar Krai. In 2017 40% of the Russian tourists went abroad and preferred beach vacation. However, today the Krasnodar coast of the Black sea is not able to offer all kinds of the alternative types of vacation. But the SEZ of the tourist-recreational type in Stavropol Krai can compete with the foreign SPA-resorts. Because it is able to offer the high quality tourist services, diverse tourist products, able to withdraw a part of the Russian tourists from the foreign resorts, and to change the ratio of the export/import tourist services. In other words the tourists are to be offered a list of various leisure activities, maximum opportunities to do sports, do shopping and to support health. In the long-run it will allow us to comprehend the already known tourist destinations with all-year-round services in a new way and to attract more people.

The project of the creation and development of the tourist-recreational special economic zone has a significant impact on the tourism development in Russia mostly due to creation of a special model where tourist territories development is supported by the state. For example, in 2012 our country's government presented proposals to create the tourist-recreational special economic zone on the territory of the Adler district nearby Sochi and to identify the management company of this zone. The analysis of the country's competitiveness, taking into consideration the tourist specificity, showed that business and professional tourism has the best potential in comparison with other kinds of tourism. In particular, business tourism, exhibitions, info-intensive tours, sales and promotion tours meet the competitiveness factors most. Figure 2 shows the priority types of the international tourism for Russia in 2017 (Safronov, 2018).

Figure 2. The priority types of the international tourism for Russia in 2017, % of coincidence of factors with high assessments and competitiveness factors required for a particular type of tourism (Safronov, 2018)



In 2104 Alexander Tkachev, the Krasnodar Krai governor, initiated a creation of the tourist-recreational special economic zone in Sochi at the meeting on tourism development issues. According to him the SEZ creation in Sochi was a necessary step. OAO “Resorts of the North Caucasus” was a unified Management Company for the sports objects under construction within the SEZ boundaries.

Currently the holding “Balneological resort “Matsesta” is a main catalyzer for the treatment services provision. It comprises health resorts and a mineral water production companies. Matsesta has hydropathic institutions where treatment is conducted using iodine-bromine mineral water, radon, hydropathic procedures, underwater shower-massage, underwater traction, sea, pearl, vortex baths. Due to the resort location in the picturesque valley treatment is usually combined here with pleasant rest. Exotic plants and palms surround medical buildings. The Zmeikovskiy and Agur waterfalls tours are very popular among the Matsesta guests.

For example, tourists often visit the Eagle rocks, on top of one of which a sculpture of the mythical hero Prometheus is installed. And the tourists visiting Sochi do not only enjoy quiet beach vacation, but mountain river rafting, ballooning, paragliding, climbing high mountains with snowy peaks and alpine meadows as well. There is a great choice for those loving extreme sports: these are land tours of any complexity category, mountain biking, speleograft routes, mountain skiing, rock climbing, horse routes, mountaineering, canyoning, jumping, and windsurfing, diving, sailing, seaplane, aquabike. Krasnaya Polyana settlement, located nearby Adler, is called one of the most promising territories in terms of investment. It is a mountain resort with great future due to implementation of the eco city concept of Krasnaya Polyana development.

To sum up, it is necessary to conclude that world practice analysis testifies the fruitful use of such organizational mechanism as a SEZ. The main objective of its application is to give an innovative impulse to the economic development. Such zones are formed through a number of additional measures of economic and administrative character; they provide effective functioning of such entities as well as intensification of their impact on the social system on the whole.

3. Conclusions

Thus, it is possible to conclude that the project to create and develop the SEZ of the tourist-recreational type has a significant influence on the tourism development in Russia mostly due to creation of the special model with integrated nature of the development of the tourist territories with the state support. Tourist-recreational special zones are focused on tourist flow growth as well. For example, the most ambitious project of the tourist-recreational special economic zone is in Krasnodar Krai. In 2017 40% of the Russian tourists went abroad and preferred beach vacation. However, today the Krasnodar coast of the Black sea is not able to offer all kinds of the alternative types of vacation. But the SEZ of the tourist-recreational type in

Stavropol Krai can compete with the foreign SPA-resorts. Because it is able to offer the high quality tourist services, diverse tourist products, able to withdraw a part of the Russian tourists from the foreign resorts, and to change the ratio of the export/import tourist services

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