

**PROSPECTS OF SOCIAL AND ECONOMIC DEVELOPMENT OF THE BELGOROD REGION  
AS A BORDER AREA**

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**Abstract.** Crisis phenomena in the modern economy of Russia, as well as the world as a whole, unstable international relations with sanctions, destabilization of the political situation in Ukraine cause the relevance of the study of the development of border regions as a sphere of interaction of neighboring states, depending on social and economic development, needs and level of conflict. It can cover trade, investment, agro-industrial complex; cross-border cooperation can develop in multiple areas, contributing to the development and strengthening of economic, cultural, humanitarian relations between the border territories of the Russian Federation and neighboring countries, facilitating the creation and effective development of economic and social infrastructure in the border areas. Due to the situation in Ukraine, the question arises of the need to study the influence of the unstable political and economic development of the neighboring state on the social and economic development of the Belgorod region as a border area. Main results: the features of the development of the Belgorod region as a border territory, the impact of the political and economic crisis in Ukraine on the socio-economic development prospects of the region, and the features of international cooperation of the neighboring regions at the present time are considered.

**Keywords:** Social and economic development, border region, border, import, export, migration flow, embargo, patent.

**1. Introduction**

Among the least studied problems of the theory of regional and interregional economies, both theoretically and in practice, are the problems of analysis of interregional socio-economic and environmental interactions and interrelations between the border regions of different states. Considering the urgency of creating conditions for optimal interaction between the border territorial entities of different countries, the paper considers various issues of the development of the border economy, in other words, the issues of effective development of border regions [1].

The program of research includes not only a statement of eternal truths that have the status of general laws, but also the study of political processes, social changes and human differences [2].

In the opinion of Borodina T., Volkova I., Barinova S. and Gritsenko A., border areas occupy a special place in regional studies. The potential for socioeconomic and human development is largely related to the factor of their geographical location at the junction of two or more states, which dictates the need to develop a number of special approaches to the analysis of their development, as well as specific measures of state and interstate management [3].

S. Artobolevskii believes that "the openness of the border is a necessary but inadequate prerequisite for the development of adjacent areas. Two other important factors are the policy of all levels of power and the location of the territory" [4].

The relevance of this topic is due to the unstable global situation, as well as the difficult political and economic situation in Ukraine, a country bordering the Russian Federation, in particular the territory of the Belgorod region, and directly affecting its socio-economic development.

**2. Methods**

The research used the data of the Federal State Statistics Service (Rosstat), including the following collections: "Belgorod Region in Figures. 2017", "Regions of Russia. Socio-economic indicators. 2016". The method of research is the institutional, which is the most applicable to international research, as well as the methods capable of the closest examination of the specifics of the chosen problem: historical-political, comparative, correlation methods, content analysis, method of scenario construction, and monitoring.

**3. Results****3.1. Kharkov-Belgorod urban agglomeration**

The Belgorod region is part of the Central Black Earth Economic Region and the Central Federal District of the Russian Federation. The strengths of the Belgorod region as a border territory include:

1. Favorable geographical position.
2. Convenient transit position for the transport of goods and passengers.
3. High social mobility level.
4. The tourism appeal of nature and historical places.
5. The commonality of culture and traditions, the absence of language problems.
6. A significant number of kinship in the border areas, which determine the personal interest and involvement of the population.

The economy of the Belgorod region is a multi-sectoral economy, including such activities as agriculture and forestry, mining, processing, power, gas and water production and distribution, transport and communications,

construction, wholesale and retail trade, healthcare and social services, education, etc. In the structure of the gross regional product, agriculture, hunting and forestry account for 17%, extraction of minerals - 15.1%, processing industries - 16.9%, production and distribution of power, gas and water - 5.8%, construction - 8.5%, wholesale and retail trade - 15%, transport and communication - 5.6%, other - 16.1%.

Ukraine is Russia's largest neighbor in the European section of its state border, culturally and historically connected with our country. A significant part of the population of Kharkov and Belgorod participated in pendulum migrations within the unified Kharkov-Belgorod urban agglomeration [5].

The Belgorod region has been cooperating with the border regions of Ukraine since the 1990s in the trade, economic, scientific, technical and cultural spheres. In 2003, documents were signed on the creation of the Russian-Ukrainian Euroregion "Slobozhanshchina" as a form of cross-border cooperation between the Belgorod and Kharkov regions.

Since 2014, the state border of Russia with Ukraine has increasingly acquired features of frontal, that is, a sharp separation line, [6] which not only passes between countries, which either have tied up their diplomatic contacts or been in extremely tense relations, but also coincides with important political boundaries, for example, between rival military-political blocks [7]. The border is currently perceived only as a barrier, and many economic issues remain unsettled with Ukraine, which reduces investment attractiveness of the region.

### 3.2. Development of foreign economic relations of the Belgorod region with Ukraine

There are total 11 customs points functioning in the Belgorod region, including 4 international automobile checkpoints, 4 bilateral automobile, 6 railway and 1 air checkpoints. By the end of 2016 only 4-5 international automobile and one railroad checkpoints of 22 remained actually operational in the Belgorod region [1].

As a result of the increase in the length of customs and border control, as well as mutual trade sanctions, the flow of freight vehicles on the Belgorod section of the Russian-Ukrainian border in 2015 decreased by 40% as compared to 2013, the number of freight trains decreased by 27%, and passenger trains - by 92%.

The quality of relations with the border regions, the promotion of the image of the territory, and its investment attractiveness affect the socio-economic situation.

As for the socio-economic interaction, we can say that 2016 showed a fairly low level of foreign trade relations, according to Belgorod customs and Belstat: taking into account international services, in 2016 the volume of foreign trade of the Belgorod region with Ukraine in comparison with 2015 decreased by 17.2%, and with the pre-crisis 2013 - by 74%. Trade relations of the Belgorod region with Ukraine has always been characterized by asymmetric commodity flow: imports exceeded exports much (Figure 1).

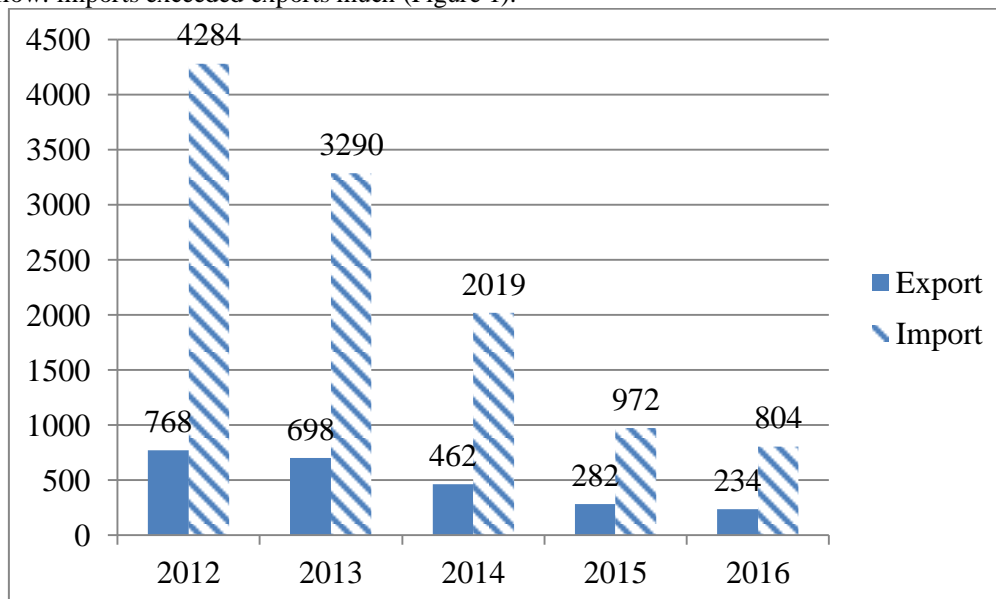


Fig. 1. Foreign trade dynamics of the Belgorod region with Ukraine, mil USD [8]

The export of the Belgorod region is primarily of raw-material orientation. The supply of raw materials - ferrous metals (66.8% of the value of exports) and iron ore from Kursk Magnetic Anomaly (16.7%) from the Belgorod region to Ukraine are still maintained. Among the main products of imports are engineering products (41%), metals and metal products (29.9%), chemical products (9.9%). Many Russian car-repair enterprises and depots of the Belgorod region still acquire Ukrainian components.

As a result of the reduction in the foreign trade turnover with Ukraine, the share of mineral products - iron ore and concentrates decreased (by 13%) significantly in exports, and food commodities and agricultural raw materials decreased in imports (by 9%) [5].

### 3.3. Analysis of modern migration processes in the Belgorod region

The Belgorod region now accounts about 20 thousand Ukrainians. During 2014-2016, the number of migration flows from Ukraine increased sharply in 2016 compared to 2014, the number of migrants increased by 1.4 times and amounted to 8,274 people. This trend is related to the unstable political and economic situation in Ukraine. Settlers and refugees settle mainly in the major economic centers of the region [9].

A migration growth has both a positive (resource for population growth in the region) and a negative impact on the region (an extra burden on the meager budget of Russian territories).

The difficulties with the transit to Ukraine, fears over the border situation, the economic crisis in general in Russia forced many Russians and Ukrainians to reconsider their plans to move to the Belgorod region. This factor immediately affected residential construction - the flow of migrants from the northern regions decreased, they stopped investing in the purchase of housing in the Belgorod region. These factors have sharply influenced the freezing and fall of prices for residential real estate in the region, which had never been observed here before (Table 1).

Table 1

The average price of 1 m<sup>2</sup> of the total residential area in the housing market of the Belgorod region, rubles [9]

| Housing market | 2012      | 2013      | 2014      | 2015      | 2016      |
|----------------|-----------|-----------|-----------|-----------|-----------|
| primary        | 48,876.9  | 52,931.48 | 54,621.07 | 50,274.82 | 51,663.48 |
| secondary      | 41,004.02 | 49,433    | 52,664.28 | 50,294.56 | 44,714.5  |

The data in the table show that the average price of 1 m<sup>2</sup> of the total residential area in the housing market of the Belgorod region decreased in the primary market in 2015 as compared to 2014 by 4,346.25 rubles, in the secondary market - by 2 369.72 rubles. In 2016, there is a slight upward trend in the primary market - by 1,388.66 rubles in comparison with 2015, however, the secondary market continues decreasing in prices.

### 3.4. Development of inbound tourism

Interaction in the cultural and scientific sphere between the Belgorod region and the regions of Ukraine turned out to be "frozen" for an indefinite period. Nevertheless, since the end of 2015, groups from Ukraine have been returning to cultural festivals, in education - Russians and Ukrainians jointly participate in absentia in conferences. Within the framework of the development of cross-border cooperation in the region, despite a complicated political situation, a number of projects aimed at developing youth collaboration and cooperation, including between the youth of Russia and Ukraine [10]. Until recently, Kharkov was a popular holiday destination for residents of Belgorod and the Belgorod region. After the beginning of the crisis in relations, the flow of the Belgorod tourists actually came to naught. Residents of the Belgorod region played an important role in retail trade in the border areas of Ukraine, enjoyed a wide range of services in the Kharkov region, and commercial (trading) tourism to the Kharkov market 'Barabashovo' (the largest industrial and clothing market in Ukraine and Eastern Europe, ranked among the largest markets in the world). After the procedure of crossing the border of Ukraine for Russian citizens has been established, the flow of trade tourists from Russia has virtually zeroed, and now the market is balancing on the verge of closure. Ukrainian entrepreneurs began to transport goods to Russia by themselves [5].

## 4. Discussion

The current political and economic processes in the territory of Ukraine increase the migration level of the border regions of Russia, including in the Belgorod region. The increase in the level of migration has a direct impact on the socio-economic situation of the region, the unstable psycho-emotional state of refugees also has a direct impact on psycho-somatics in the region.

In order to maintain a stable socio-economic level, the local authorities have developed a number of measures within the region that would contribute to the rehabilitation and adaptation of refugees in the Belgorod region:

1. Establishment of transit points for refugees (children's camp "Iunost" (for 250 seats) and a hostel of the charitable Christian society "Charity and Care");
2. Rendering of consulting and legal assistance:
  - organization of assistance centers;
  - "hot lines" for refugees;
  - establishment of the Migrant Adaptation Center [11].
3. Financial and material assistance:
  - material assistance;
  - lump-sum payments - include one minimum wage after officially obtained refugee status;
  - temporary housing and certificates for the purchase of apartments;
  - social benefits;
  - free services in medical and educational institutions;
  - local regional payments.

Assistance of the authorities of the Belgorod region affects not only migrants, but also the population left on the territory of Ukraine. The organization "Kharkovskaya Sloboda" sent humanitarian aid to Donbass, including both

material, legal and moral and psychological assistance.

The activities of Russia and Ukraine as Euroregions in the CIS territory are simultaneously focused on:

1. Strengthening of economic, social and political integration between the states;
2. Compensation of the negative barrier effect of borders through cooperation due to remoteness from the center;
3. Addressing of local problems through cross-border interaction;
4. Development of information exchange;
5. Preservation of cultural and natural heritage.

Euroregions as multi-level development institutions and instruments for the implementation of interstate integration processes endowed with new cooperation competencies serve as the most important accelerator for the consolidation of transboundary spaces [12]. Having a long history of the formation of cross-border integration, the European Union forms an extensive system of interregional and non-state regulatory bodies and various forms of their functioning in the European regional space [13].

### 5. Conclusion

Thus, summarizing the above, the following conclusions may be drawn:

The Belgorod region is quite comfortable, and, Ukrainian refugees are of course striving to settle here. However, the region does not participate in the resettlement program of compatriots, therefore, many have patents. Getting asylum is problematic, so is permission for temporary residence. Multiple programs have been adopted, but even officials are confused in their interpretation. One solution to this kind of problem could be the creation of a vacancy system with clear data on the level of wages in a given region. So far, everything is based solely on the personal interest of each of the participants in the process. The regional government plans to continue supporting cross-border cooperation, preserving traditional areas of cooperation that are quite comprehensive, but at the same time, development of trade, economic and investment cooperation is seen as the most important task. Reconstruction of roads to border automobile checkpoints at the expense of a private fund will lead to the creation of new jobs involved with the tourist, passenger and cargo turnover, as well as to the emergence of new enterprises and the growth of the tax base. Thus, the reestablishment of relations will: allow for the socio-economic development of the border area; become an impetus for the innovative development of the Belgorod region; promote the development of industrial production in the region; and will significantly increase the economic potential of not only the Belgorod region, but also Russia as a whole.

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