

СЕКЦИЯ 4. ТЕОРЕТИЧЕСКИЕ АСПЕКТЫ
РЕГИОНАЛЬНОГО СОЦИАЛЬНО-ЭКОНОМИЧЕСКОГО РАЗВИТИЯ
В СОВРЕМЕННЫХ УСЛОВИЯХ

**INVESTMENTS PROMOTION AND AGGLOMERATION ECONOMY
IN REGIONAL DEVELOPMENT: «VALMIERA+» INVESTMENT
AREA CASE STUDY**

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The European Union views investments, especially, Foreign Direct Investments (FDI) not as a mere sense of investment but also a way of promoting economic and social growth and development. The investment policy of the European Union is tilted more towards providing investors with a kind of stability and legal certainty coupled with an environment conducive to carry out business and in accordance with the International rules. It has abolished all the trade barriers that were acting as a hindrance for free trade (Ionescu & Wereda 2013, p. 135).

According to a classification by the World Economic Situation and Prospects 2013, Latvia is ranked in the group of developed countries, however, a sufficient potential has not yet emerged in the country to fully exploit the comparative advantages that developed countries have and to be able to use these advantages in competition (Rudusa & Kopeika 2014, p. 539). Thus, if regions with a lower real income per capita grow faster than those with a higher real income per capita, economic growth are able to reduce an interregional income inequality within a whole country (Matlaba *et al.* 2012).

In Year 2014 it was decided to start develop the theoretical background for modern investment policy in Valmiera City as a growing regional centre in collaboration with three neighbouring rural municipalities- Koceni, Burtnieki and Beverina. The stated research question that had to be answered during the analysis process was expressed in very general form: Why to invest in “Valmiera+” region?

The concept and term “Valmiera+” was initially developed and accepted by researchers group instead of term “Valmiera agglomeration” which was frequently confused and missed by general public.

The main aim of the research: To conduct an analysis of investment potential in Valmiera+ area with purpose to set an optimal structure of appropriate tools and activities for investment promotion;

Objectives of research: To establish marketing communication channels for the collaboration among involved municipalities; To define the most appropriate theoretical background for creating of favourable investment climate in Valmiera+ area; To develop a comprehensive and trustworthy information source for potential domestic and foreign investors in Valmiera+ area “Why to invest in Valmiera+ region?”.

Research methods used during the research: Comparative analysis of good practice cases in neighbouring countries Estonia and Lithuania (Parnu City and Klaipeda

City case studies); Content analysis of strategic development planning documents in specified municipalities; Experts panels and workshops; Structured interviews with public administration and private business executive persons; Entrepreneurs' questionnaire to clarify real situation and need for additional investments in Valmiera+ region.

The research paper is structured as follows. The following section discusses the basic theories and special literature sources on the regionally specified investments. Section 3 describes the data employed during the particular research and their origins. Section 4 provides a descriptive analysis of investment growth capabilities in Valmiera+ area. Finally, section 5 provides concluding comments and results.

Under the normal conditions there are few major preconditions for direct investments in particular area:

Resources: upgrading the quality of available resources and the existence of local partners willing to promote shared use of knowledge and resources with capital more intensive;

Market expansion: the need for closer collaboration with users in sectors with knowledge-intensive industries and the growing importance of promotional activities carried out by the regional and local development agencies;

Higher efficiency: activities of State or Regional Governments in removing obstacles that stand in the way of a restructuring of economic activity and facilitate modernisation of human resources; the existence of specialized industrial concentration (business incubators, technology and industrial parks); an environment conducive to private initiative and enhanced competitiveness and cooperation between firms;

Favorable strategic assets: in exchange for tacit knowledge based, and interactive learning ideas; access to the cultures, different systems and institutions, as well as the requests and preferences of consumers (Neamtu & Neamtu 2013, p. 54).

Comprehensive research at EU level about Good Practice cases in investment promotion provides with well structured policy models at strategic, tactical and operational level have to be taken into account during the investment promotion.

Taking into the consideration that Valmiera City is a mostly industrial, but surrounding municipalities are entirely rural areas, it is important to understand theory of agglomeration economies. Industrial location and relocation behaviour may also contribute to the development of localized agglomeration economies. In situations where these agglomeration economies arise, growth becomes possible at particular locations. In other words, growth is location specific (McCann 2013, p. 234).

Understanding the existence and growth of mega and smaller cities and their surrounding hinterlands- that together make up functional regions- requires consideration of a wide range of factors that have been elaborated in "new" theories of innovation and growth (De Groot *at al.* 2009, p. 256). This particular study of Valmiera+ region investment capabilities is one of such studies which provides findings for mentioned above modern theories.

This paper makes use of official data sources from municipality development planning documents in Valmiera+ area and selected case studies in Estonia and Lithuania. These data sources provide a variety of socio-economic data collected from public and private institutions and identifies potential investment priority sectors.

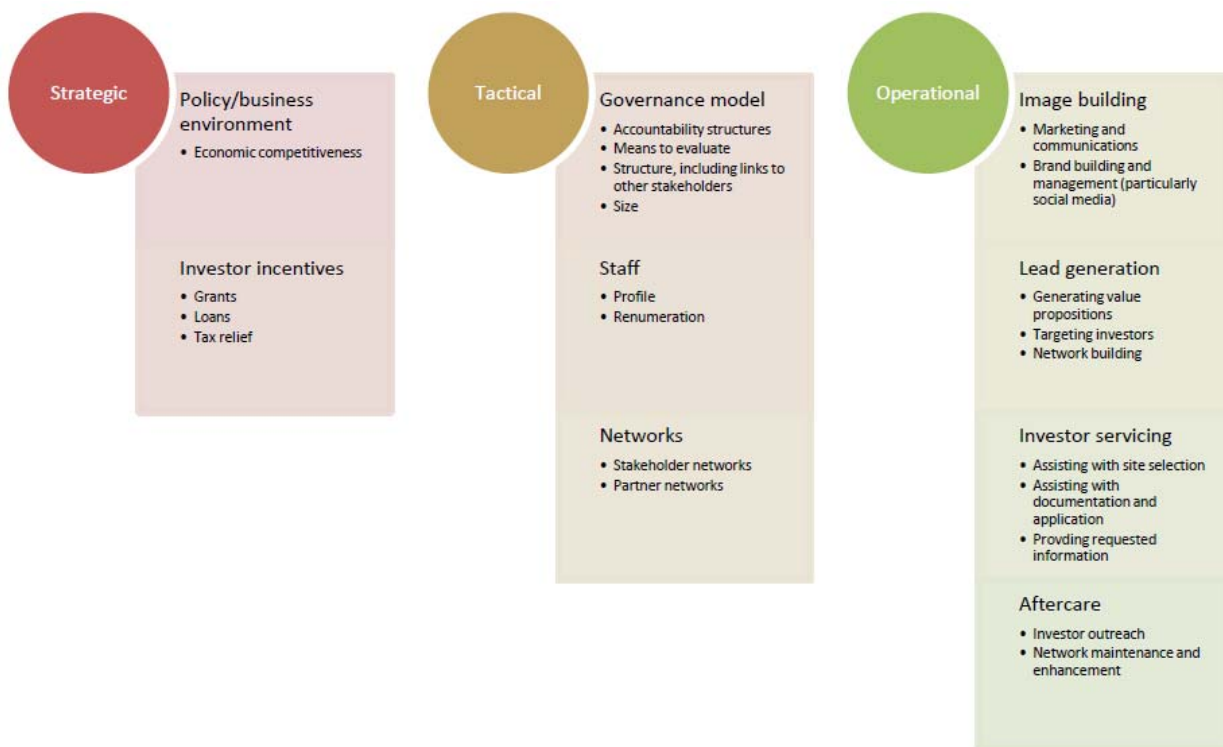


Fig. 1. A framework for analysing investment promotion policies (ECORYS 2013, p. 5)

The prioritized sectors in Valmiera City “Development strategy” (Valmiera City Government 2008)- entrepreneurship, human well-being, infrastructure and environment. In Valmiera City “Investment and Action Plan” (Valmiera City Government 2012) there are mentioned 25 major areas for investments, but they are related to, in general, municipal and administrative activities rather than private investment areas.

Beverina District municipality identifies such local strategic priorities as natural environment, economic environment, social environment, administration and communication (Beverina District Government 2012[2]) but potential public investment areas are structured in 2 different scenarios (Beverina District Government 2012[1])- the basic investment scenario “A” with mentioned 5 priority areas and the supplementary investment scenario “B” with listed 10 priority areas without specified private investment areas.

Koceni District municipality has listed 5 strategic priorities (Koceni District Government 2012[1])- attractive living conditions, competitive enterprises, life-long easy accessible services for everyone, sustainable management of natural, cultural and historical heritage and well administered district. Specifically that Koceni is one of two municipality (in line with Burtnieki) where strategy identifies territories of common interest with neighbouring municipalities. Investment plan of Koceni District (Koceni District Government 2012[2]) consists from 28 provisional activities, structured strictly in line with mentioned above strategic priorities. The possibility of private investments are accounted here as investment activities partly co-financed by municipality.

Burtnieki District municipality has mentioned as the strategic priorities the following values and principles (Burtnieki District Government 2012[1])- human resource development, economic development and spatial development for sustainable

living conditions. In Burtnieki District “Development program of Burtnieki District” (Burtnieki District Government 2012[1]) there are prioritized 152 positions for potential investments, but they must be regarded mostly as municipal budget expenses and administrative activities instead of potential public or private investments.

In line with the selected theories, case studies and content analysis summarised above had been provided analysis of the specific question- whether Valmiera+ agglomeration meets the standard requirements for a favourable investment climate in the area (Table No.1):

Table 1

Determinants of favourable investment climate (Neamtu & Neamtu 2013, p. 55)

| The Factors | The Description of Factors | Analysis of the Factors in Valmiera+ Area |
|------------------------------|---|--|
| 1 Objective factors | | |
| 1.1 Natural Conditions | - Rich natural resources | - Partly exists (timber, clay, peat, gravel) |
| 1.2 Geographical location | - Local market potential the possibility of access to third markets, with potentially major assimilation or accepted; - The presence of the infrastructure that will allow the transportation of large obstacles and without high cost such as the level of development of roads, railways, airports, shipping, etc. | - Partly exists, all largest industries have more than 70% production export level; - Partly exists (railway, Riga Airport at 120 km distance, major transit road Riga-Tartu-Narva-St.Petersburg) |
| 1.3 State of the environment | - The low level of pollution of the environment and the requirements of environmental protection | - Fully exists |
| 2 Subjective factors | | |
| 2.1 Scientific potential | - The existence of a scientific potential that would allow large implementation of cost-free techniques and advanced technologies; - A large number of scientific works and inventions developed; - The level of training of the workforce | - Partly exists (Vidzeme University of Applied Sciences, Technology transfer centre); - Partly exists (Socio-technical Engineering Institute and Social, Economic and Humanitarian Research Institute); - Exists (more than 10 specialised professional education centres, schools and establishments) |
| 2.2 The economic situation | - The high level of development of market relations; the country's economic diversification, the presence and functioning of financial markets and market investment services; - Customs duties for export and import; - Attractive policy in the field of exchange rate; - Stimulating investment policy for foreign investors and domestic | - No special regulation for region, only Latvian state administration centralised services; - No special regulation for region - Integrated into EURO zone; - No special policy for region |

| | | |
|--|--|--|
| 2.3 The legislative and normative basis | <ul style="list-style-type: none"> - Stable and transparent legal system; - Rigid regulation of the property; - Tax breaks and stable and lasting budget granted to investors, particularly those strategic; - The presence of an efficient mechanism for the promotion and support of investors | <ul style="list-style-type: none"> - Exists; - Fully exists; - Exists at State level, no special regulation for region; - No special mechanism for region |
| 2.4 The basis of construction and Assembly | <ul style="list-style-type: none"> - The presence of free economic markets, products, and services in the field of construction and installation of engineering services, etc. | <ul style="list-style-type: none"> - Fully exists |
| 2.5 Risk factors | <ul style="list-style-type: none"> - The State guarantees the protection of domestic and foreign investors against non-commercial risks; - Moderate risk of investment activity | <ul style="list-style-type: none"> - Fully exists for foreign investors, non existent for domestic investors; - Exists in specific areas |
| 2.6 Job resources | <ul style="list-style-type: none"> - Low share of retired age population; - Potentially qualified workforce | <ul style="list-style-type: none"> - Positive migration to Valmiera of people at the working age; - Exists in the most of business sectors |
| 2.7 Social infrastructure | <ul style="list-style-type: none"> - Institutions, companies, local and foreign consulting and auditing; - Institutional investors, the existence of information centres on the potential investment projects; - The level of development of information technology (telecommunications, internet, etc.) | <ul style="list-style-type: none"> - Existing, but limited access to services at regional level; - Existing, but limited access to services at regional level; - Fully exists |

The results of particular study identified already documented thesis that nowadays attracting and promotion of the investments has to be rooted into the marketing activity that ties into an economic development goals but needs to focus on understanding investor needs. Attracting of investment is not to satisfy supply-driven regional economic policy objectives but to provide services to investors that aim to satisfy corporate profit maximisation strategies (ECORYS 2013, p. 10).

The case studies during the research from Pärnu in Estonia (The Business and Development Centre of Pärnu County 2013) and Klaipeda in Lithuania (Klaipeda Economic Development Agency 2014) identifies that successful investments promotion campaign have to be regarded mostly as marketing activity interconnected with regional administrative, financial or economic development activities. The conclusion for Valmiera+ region is that it have to start with collecting of information potentially interesting for domestic and foreign investors and to continue with the marketing communication activities of Valmiera+ area as an attractive place for specific investments.

Many studies have documented that attractive regional investment policy development and planning have to be regarded, in the most cases, as marketing communication than financial or economic activity.

In the field of regional investments promotion the marketing communication process have to answer the essential questions-“what is the main message and to whom it have to be addressed?”

Investment policy development and planning in small and average size investment areas (specific Valmiera+ area) have to be transferred from passive to active marketing activities.

The following investments promotion methods, technologies and tools are applicable to Valmiera+ investment area:

Positive Image making- to define and position “Valmiera+” as investment brand, create an integrated website “Why invest in Valmiera+ area”, regularly participate in investments fairs, trades and exhibitions, to advertise in the specialized industry media, to organize seminars on investment promotion, to advertise in specialized financial sector media;

Generation of Investments- to conduct an additional research on investment climate in Valmiera+ area; to use social media; to spread the direct, personified and specifically addressed information, to organize the specialized seminars on enterprise level investments;

Investment services- to create the investment promotion services, advisory and consultative services for potential and operating investors, to provide assistance on writing of the investments proposals and all supplementary documentation; to provide the post-investments services.

An essential tool on investments promotion in Valmiera+ area is tight and equal collaboration among all 4 involved municipalities.

There have be made the amendments in the existing municipal documents on strategic development planning and investment policy with a respect to innovations as the subject of public, private or mixed public and private activity (at the moment in mentioned above documents investments are regarded mostly as public administration and financing activity).

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СОВЕРШЕНСТВОВАНИЕ ПРОИЗВОДСТВЕННО-ЭКОНОМИЧЕСКОЙ ДЕЯТЕЛЬНОСТИ ДИСТАНЦИИ ПУТИ – ВАЖНЫЙ ФАКТОР БЕЗОПАСНОЙ ПЕРЕВОЗКИ ГРУЗА И ПАССАЖИРОВ ЖЕЛЕЗНОЙ ДОРОГОЙ

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Одной из важных проблем, решаемой сегодня специалистами железнодорожного транспорта, является разработка методического аппарата для оценивания и прогнозирования экономических и производственных показателей предприятий, обеспечивающих своевременную и безопасную перевозку груза и пассажиров.

Дистанция пути является предприятием железнодорожного транспорта, основной задачей которой является текущее содержание пути, то есть содержание пути в таком состоянии, которое гарантирует безопасное и бесперебойное движение поездов с максимально допустимыми скоростями. Правила технической эксплуатации железных дорог гласят, что все элементы железнодорожного пути (земляное полотно, верхнее строение пути и искусственные сооружения) по