

## Domestic market of Arctic Uluses of Sakha (Yakutia) in the Far Eastern Federal District macro area

# Mercado interno de Uluses Árticos de Sakha (Yakutia) en el Área Macro del Distrito Federal del Lejano Oriente

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#### **ABSTRACT**

This study reviews and compares the market potential of two macro-areas in the Republic of Sakha (Yakutia) in the AZRF (Arctic zone of the Russian Federation) and the FEFD (Far Eastern Federal District. Moreover, this work shows that a significant part of supply and demand in municipalities' domestic markets is concentrated in the FEFD. Until recently, the AZRF and the FEFD were not considered by the State as a single government body. Transferred powers to the Ministry of the Russian Federation for the development of the Far East and the Arctic has allowed the territory of the Arctic uluses of the Republic of Sakha (Yakutia) to be included in the social and economic development of the FEFD.

**Keywords:** AZRF, Domestic market, FEFD, Macro zone (area), Republic of Sakha (Yakutia).

#### **RESUMEN**

Este estudio revisa y compara el potencial de mercado de dos macro áreas en la República de Sakha (Yakutia) en la AZRF (zona ártica de la Federación de Rusia) y el FEFD (Distrito Federal del Lejano Oriente. Además, este trabajo muestra que una parte significativa de la oferta y la demanda en los mercados internos de los municipios se concentra en el FEFD. Hasta hace poco, el Estado no consideraba al AZRF y al FEFD como un solo organismo gubernamental. Se transfirieron competencias al Ministerio de la Federación de Rusia para el desarrollo de la El Lejano Oriente y el Ártico han permitido que el territorio de los uluses árticos de la República de Sakha (Yakutia) se incluya en el desarrollo social y económico del FEFD.

Palabras clave: AZRF, Mercado doméstico, FEFD, Macrozona (área), República de Sakha (Yakutia).

#### 1. INTRODUCTION

This study examines the uniqueness of the Republic of Sakha's geography (Yakutia), which is situated in the AZRF and FEFD. The current research does not intend to solve the issues on zoning principles and the legal consolidation of the macro zones in the region. This is the subject of a separate extensive scientific study. However, determining effective public administration is crucial (Kudryashova et al., 2019; Lagutina, 2019).

The five uluses (districts) of Yakutia were previously included in the AZRF, namely, Allaikhovsky, Anabar (Dolgan-Evenki), Bulunsky, Nizhnekolymsky, and Ust-Yansky, according to the Decree of the President of the Russian Federation No. 296 'On land territories of the Russian Arctic' of May 2, 2014. On May 13, 2019, eight uluses were added, namely, Abyysky, Verkhnekolymsky, Verkhoyansky, Zhigansky, Momsky, Oleneksky, Srednekolymsky, and Eveno-Bytantaysky (Decree of the President of the Russian Federation No. 220 'On Amendments to the Decree of the President of the Russian Federation No. 296 "On land territories of the Arctic zone of the Russian Federation" of May 2, 2014').

#### 2. RESULTS AND DISCUSSION

In this study, we consider and compare the existing potential of two macro zones within the republic's territory. Firstly, we pay attention to the indicators and the population ratio (see Table 1 and Figure 1). A significant proportion of the macro zone gravitates towards the FEFD, as almost all the cities and most urban-type settlements of the republic are located in it. Eleven cities are included in the list: Yakutsk, Vilyuysk, Nyurba, Lensk, Olekminsk, Aldan, Neryungri, Mirny, Udachny, Pokrovsk and Tommot. Meanwhile, only two belong to the AZRF: Verkhoyansk and Srednekolymsk (Larionov & Rat, 2020).

Table 1. Municipal structure association with macro areas of the Russian Federation at the beginning of the year 2019.

Uluses (AZRF)	Number, people	Uluses (FEFD)	Number,
	r (unicer, people	(1212)	people
Aby	3979	Aldan	38441
Allaikhovsky	2708	Amginsky	16745
Anabar	3597	Verkhnevilyuysky	20952
Bulunsky	8340	Vilyuysky	24978
Verkhnekolymsky	4049	Gorny	11964
Verkhoyansk	11133	Kobyaysky	12262
Zhigansky	4178	Lensky	36526
Momsky	3973	Megino-Kangalassky	30775
Nizhnekolymsky	4290	Mirninsky	72468
Oleneksky	4148	Namsky	24703
Srednekolymsky	7424	Neryungrinsky	73404
Ust-Yansky	7028	Nyurbinsky	23716
Eveno-Bytantaysky	2827	Oymyakonsky	8244
		Olekminsky	24701
		Suntar	23448
		Tattinsky	16185
		Tomponsky	12517
		Ust-Aldansky	20551
		Ust-May	7362
		Hangalassky	32777
		Churapchinsky	20956
		City of republican significance Yakutsk	345660
TOTAL:13	67674	TOTAL: 22	899335

Source: Calculated based on the Statistical Yearbook of the Republic of Sakha (Yakutia): Stat. compilation. The territorial authority of the Federal State Statistics Service for the Republic of Sakha (Yakutia). - I., 2019 (Statisticheskii ezhegodnik Respublika Sakha)

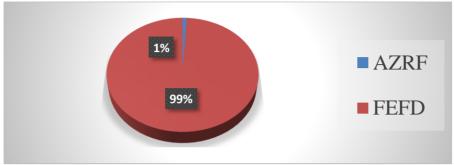


Figure 1. Population in the uluses of the Republic of Sakha (Yakutia), %

Figures 2 to 4 demonstrate that a significant proportion of the supply in the domestic market of the republic's municipalities gravitate towards the FEFD. This inclination occurs because mining enterprises; production and distribution of gas, light, and water, and manufacturing industries are also predominantly located outside the AZRF. These circumstances decelerate the pace of the industrial development of Russian Arctic resources. For example, two factors have affected the plans for the development of the Arctic shelf: the sharp decrease in the world oil prices (primarily due to the development of shale oil production and falling demand in China) and the sanctions imposed on Russia by the United States and the European Union for oil production. Both factors have caused the freeze of numerous energy projects involving Russian companies (primarily Rosneft), including those in the territory of RS (Y) since 2014 (Popov et al., 2017).

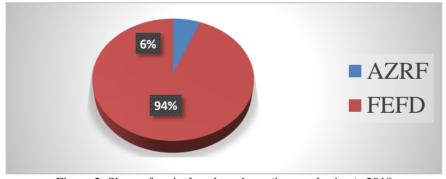


Figure 2. Share of agricultural products (in actual prices), 2018

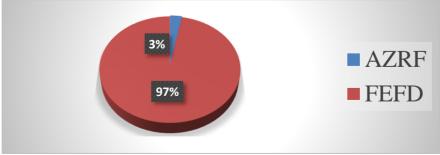


Figure 3. Proportion of shipped goods of own production, work and services performed on their own (without small businesses), 2018

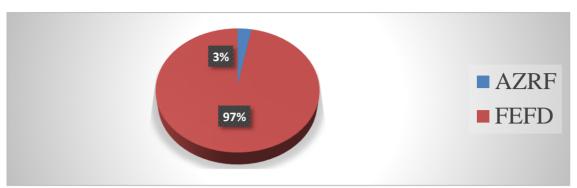


Figure 4. Proportion of sold goods of own production (excluding small businesses), 2018.

Next, we consider the structure of demand from the selected zones in the commodity markets (see Figures 5 and 6).

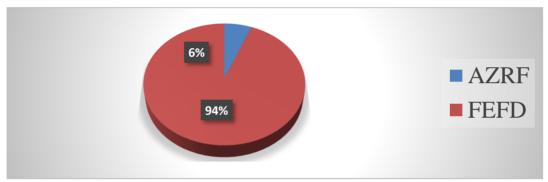


Figure 5. Proportion of the total volume of all food products sold within the boundaries of the municipal district for the fiscal year, 2018

The majority of the population in the uluses (regions) of the RS (Y) have more ties with the macro zone of the FEFD than that of the AZRF (see Table 1). This relationship is reflected in Figures 5 and 6, which demonstrate that a significant proportion in the structure of demand in the markets of the municipalities of the republic are more connected to the FEFD.

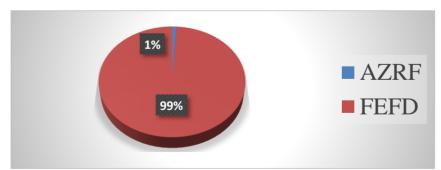


Figure 6. Proportion of the turnover of public catering (excluding small businesses), 2018.

As a rule, the state regulations of the Russian Federation are implemented to these macro-regions separately. In addition, no studies in the existing literature have viewed the FEFD and the AZRF as a single entity.

The fundamental policy documents of the Russian Federation in the Russian Arctic at the moment are as follows.

- 'Fundamentals of the state policy of the Russian Federation in the Arctic until 2020 and beyond', 2008;
- 'The development strategy of the Arctic zone of Russia until 2020', 2013.

In these documents, priority areas are identified: integrated socio-economic development; development of science and technology; creation of modern information and telecommunication infrastructure; ensuring environmental safety; international cooperation in the Arctic; and ensuring military security, defense, and protection of the state border (https://www.arctic.gov.ru; Zaikov et al., 2020).

The State Commission for the Development of the Arctic has become the government structure in the north of the Russian Federation that is responsible for the implementation of the above priority areas. It was established pursuant to Decree of the President of the Russian Federation No. 50 'On the State Commission for the Development of the Arctic' on February 3, 2015. Its characteristic feature is the inclusion of a wide range of participants, such as the Ministry of Defence, the Ministry of Economic Development, the Ministry of Energy, and the Ministry of Natural Resources and Environment of the Russian Federation). Other agencies are also involved, including The Federal Agency for the Development of the State Border Facilities of the Russian Federation (Rosgranitsa). The types of participants in this commission are as follows:

- representative power (Federation Council);
- corporations (Gazprom and Rosneft);
- private companies (Lukoil and NOVATEK);
- subjects of the federation located in the Arctic zone of Russia;
- special public organizations (for example, the Association of Polar Explorers) (http://www.cpkr.ru).

#### 3. CONCLUSION

The development of both macro-regions (AZRF and FEFD) is assigned to the Presidential Administration. Then, the state machine tools for each subject diverge. When covering Russian state policies in the FEFD, the managerial role of the presidential plenipotentiary envoys to the district becomes noticeable. Meanwhile, the Security Council is responsible for Arctic strategies in the AZRF.

On February 26, 2019, Russian President Vladimir Putin signed a decree on transferring the functions of implementing state policies in the Arctic to the East's Ministry of Development. Moreover, the ministry was renamed the Ministry of the Russian Federation to develop the Far East and the Arctic (https://www.minvr.ru; Zaikov et al., 2020).

Until recently, only a single process was noticeable in these macro-regions: strengthening militarised capabilities in the coming years. For example, the Northern Clover military arctic complex on the territory of the RS (Y) was commissioned, and a military camp in the Chukotka Autonomous Region (Cape Schmidt and Wrangel Island) was constructed (https://ru.wikipedia.org). The transfer of powers to the Ministry of the Russian Federation for the Development of the Far East and the Arctic will legitimise the inclusion of the Arctic uluses of the RS (Y) in the unified socio-economic development of the Far East. As a result, these uluses will cease to be an economic 'white spot' in the FEFD.

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