

Industrial clusters in Russia: The development of special economic zones and industrial parks

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Abstract

This paper investigates the process of developing and implementing special economic zones (SEZs) and industrial parks in Russia. Governments commonly use SEZ policies to develop and diversify exports, create jobs and launch technology/knowledge sharing. The industrial cluster concept is based on the significance of rivalry and supplier networks within the cluster, the combination of geographical specificities and government policies that lead to innovation and productivity growth. This study reveals that in Russia the government's approach in developing these initiatives has strongly interfered with business activities and prevented the vital competitive and collaborative behavior of firms within these economic zones.

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1. Introduction

Industrial cluster policies are a key and widely used tool for economic development in local and regional economic development planning. Industrial clusters, i.e., groups of geographically proximate companies within a similar industry, are believed to enhance employment, diversify exports and transfer technology and managerial know-how. Crucial elements of the industrial cluster model include the provision of a collaborative and competitive environment, an appropriate geographical location and proximity to resources, related and supporting firms, and state regulations and strategic programs that facilitate innovation and pro-

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ductivity (Delgado et al., 2016; Feser et al., 2008; Ketels, 2013; Krugman, 1991; Porter, 1990; Schmitz and Nadvi, 1999).

The formation of industrial clusters is an important part of governmental policies and regional development in Russia. Some internationally competitive industrial zones originated in the former economic regime, such as conglomerates in the oil and gas sectors, the aluminum and aerospace industries, and military and strategic defense (Romanova and Lavrikova, 2008). However, the stimulation of industrial clusters did not emerge until the early 2000s in the form of industrial parks in 2006 (Ablaev, 2015; Sandler and Kuznetsov, 2015). Among the determining factors in 2005, President Putin signed a decree, No. 116-Federal Law “Establishment of special economic zones (SEZs) in the Russian Federation”, which envisioned four types of SEZs: industrial, innovation, tourism, and port and logistics zones. This paper focuses predominantly on industrial SEZs, as industrial development is a core objective for the Russian economy. Later, the Ministry of Economic Development of Russia in accordance with paragraph 6.1 of Appendix 3 of the decree of June 27, 2016 No. 400 “On the priority project of the Ministry of Economic Development of Russia ‘Development of innovative clusters—leaders in world-level investment attractiveness’” announced a competitive selection of applications for inclusion in the list that implied the provision of state funding for the establishment of the innovative clusters in the regions. In order for the economic zones to succeed, an industrial cluster concept should be employed (Aggarwal, 2011; Hsu et al., 2013; Zeng, 2012). However, this paper doesn’t cover general stimulation state programs of implementation of innovation clusters, but only concentrates and evaluates the application of industrial cluster model in the Russia’s context that implies different perception and attitude towards competition and collaboration, which are crucial factors for the sustainable development of the economic zones.

SEZs and industrial parks are emerging in Russia around existing resources, especially research and development (R&D) and human resources. They have been created mostly in areas that have not only weak infrastructure and low production capacity but also the potential for economic growth. The Russian government has offered local and foreign investors various greenfield and brownfield projects in these zones, which are supported by incentives such as an established communal infrastructure, simplified “one-window” administrative procedures and low taxes (Maslikhina, 2016; Yankov et al., 2016). The emerging clusters are expected to create large national corporations, thereby reducing import-dependency in strategic areas. However, SEZs and industrial parks have been generally established on the initiative of regional policymakers, who have little guidance from the federal government and little experience and knowledge. These policies are motivated by a desire to overcome particular political, economic or organizational challenges rather than being part of a coherent regional development plan. As a result, while some projects have developed as exemplars, most of them have struggled to survive.

Current literature regarding the SEZs in Russia is very limited. There are only a few substantial articles, which are either very outdated and cover Kaliningrad FTZ only, or descriptive and didn’t provide any specific empirical evaluations with application of the industrial cluster concept (Ablaev, 2015; Burnasov et al., 2013; Dudkina, 2013; Gareev, 2013; Ivanova et al., 2015; Maslikhina, 2016; Prihodko et al., 2007; Romanova and Lavrikova, 2008; Sandler and Kuznetsov,

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