

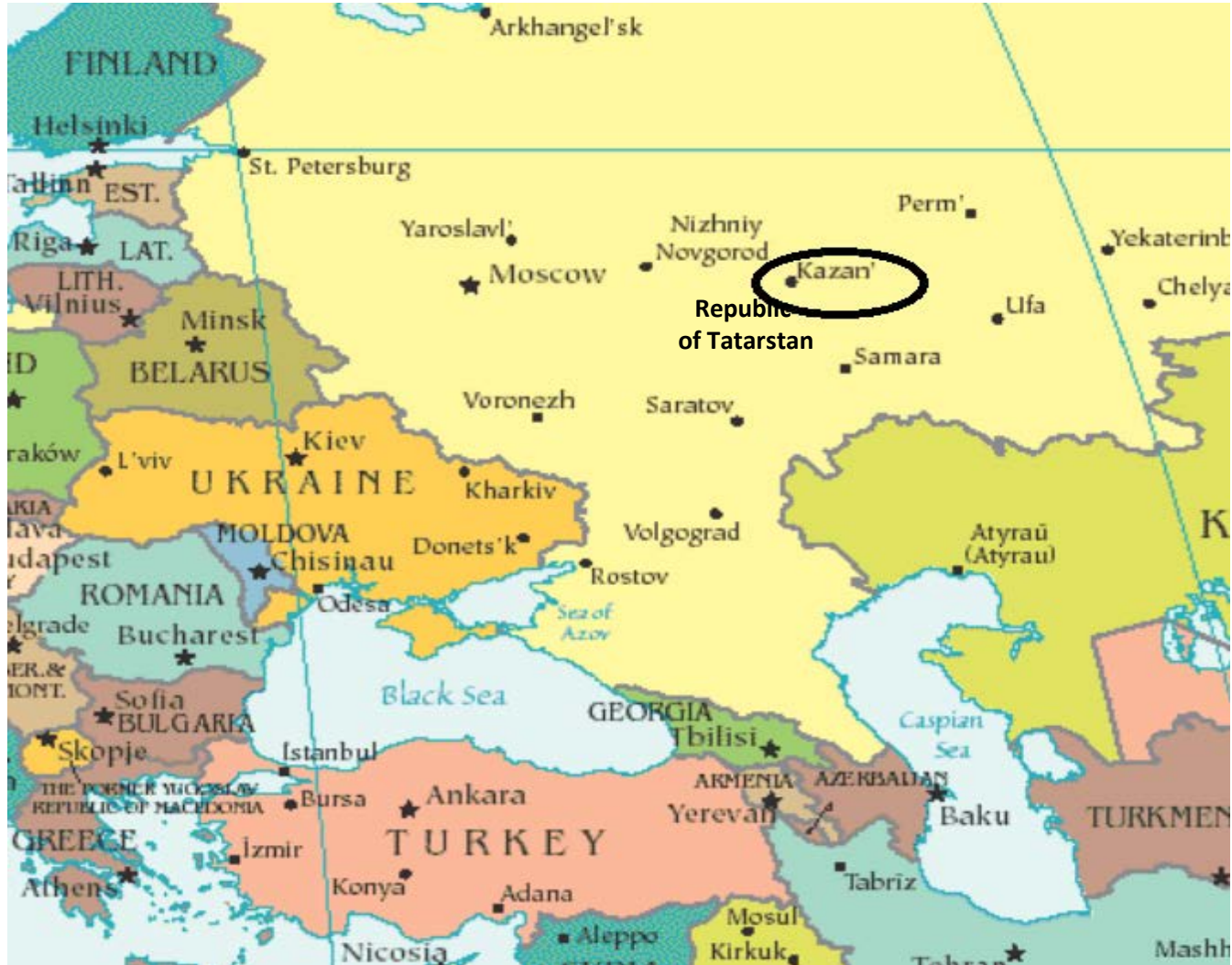
# COMPETITIVENESS OF RUSSIAN REGIONS BY ECONOMIC ACTIVITY

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# Map



# About Republic of Tatarstan (Russia)

- **Location**: in the centre of the Russian Federation, in the East European Plain, at the confluence of the Volga River and the Kama River.
- Total **area**: 67 thousand km<sup>2</sup>.
- **Population**: 3,5 million.
- **Capital**: Kazan (797 km east of Moscow, population: 1,1 million).
- **Economy** (2012): GRP - 430 million dollars (104.6% up against 2011).
  - Oil (industry) – 270 million dollars (63%) .
  - Agricultural production – 64 million dollars (15%).
- 23 institutions of **higher education**.
- The total number of **students** in Kazan is more than **213 thousand**.
- **Administrative** territorial division: 43 municipal areas and urban districts (**Kazan** and Naberezhnye Chelny – 500 thousand).
- **Kazan was founded** over 1000 years ago. At the heart lay was Bulgar Khanate. Not so far from Kazan on the bank of Volga river there is historically and architectural place "Bulgar".

# About Kazan Federal University, Russia, Republic of Tatarstan

- **Founded** in 1804,
- Kazan University is the **second oldest** university in the Russian Federation.
- University consist **17 institutes** and faculties:
  - N.L. Lobachevsky Institute of Mathematics and Mechanics,
  - Institute of Physics,
  - Alexander Butlerov Institute of Chemistry,
  - Institute of Management and Territorial Development,**
  - Faculty of Biology and Soil, Institute of Ecology and Geography,
  - Institute of Geology and Petroleum Technologies, Faculty of Law, Institute of Computer Mathematics and Information Technologies, Institute of Physical Education and others.





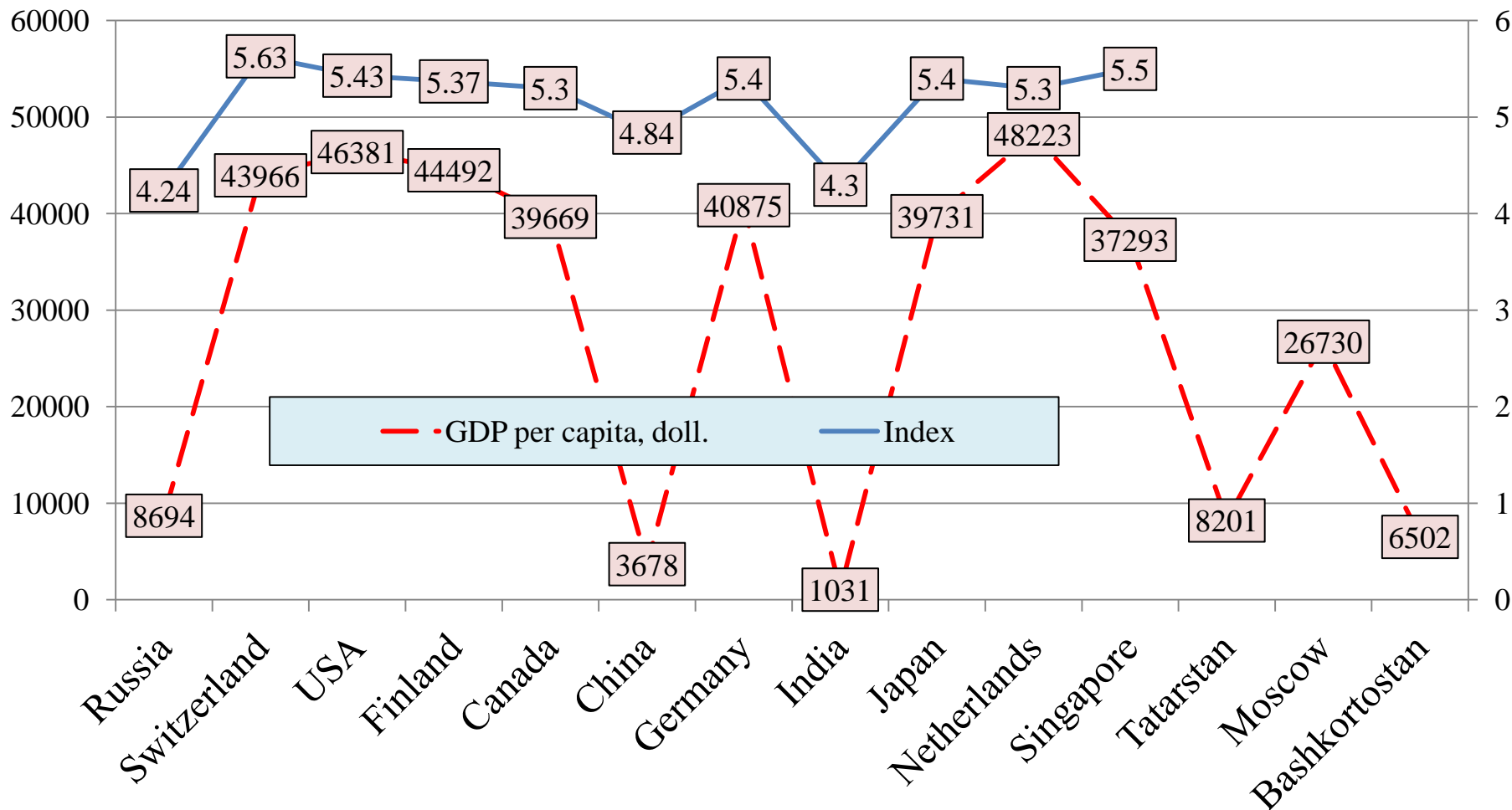
# 1. Introduction

- Studying of competitiveness represents one of the most important components of the market researches creating a basis for elaboration of strategy and tactics of activity of the subject in the market, a choice of the correct way of increase of a technological level and quality and as a result of achievement of economic safety. Integration of the country into world economic community and development of the competitive environment in domestic economy makes a problem of increase of competitiveness of the Russian products very relevant. In this article we will open general provisions and conclusions which were presented within Margareta Drzhenek Hanuz's presentation as "The report on competitiveness of Russia 2011. Laying the foundation for steady prosperity".

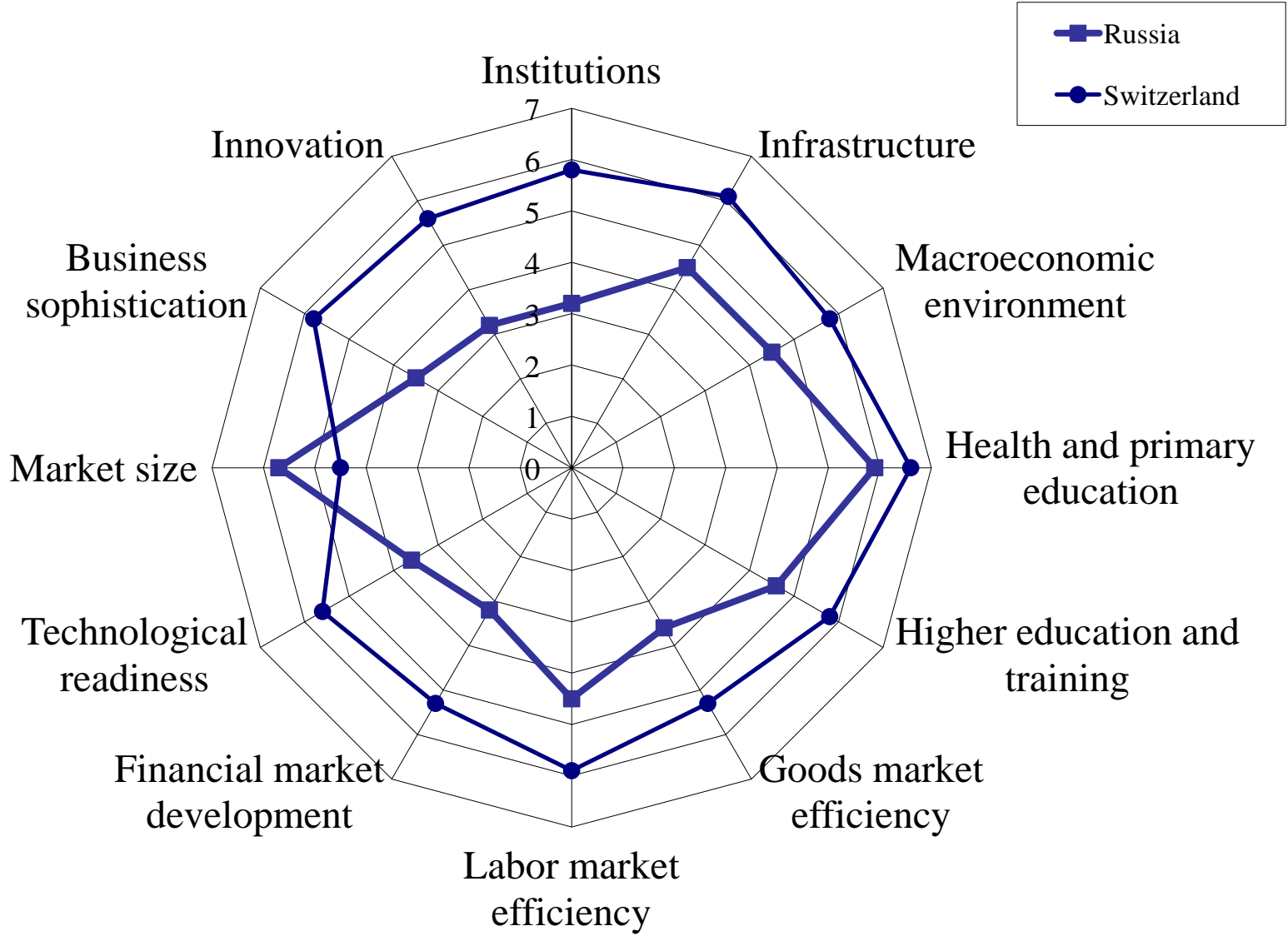
- Productivity is the major and practically only element explaining medium-term indicators of growth of national economy. Though economic growth can be caused by many reasons – for example, accumulation of the capital or an increase in population, – it can be steady only on condition of productivity increase. In 2011 gross domestic product of Russia per capita exceeded 10 521 US dollars (15 806 US dollars at par purchasing power – PPP).

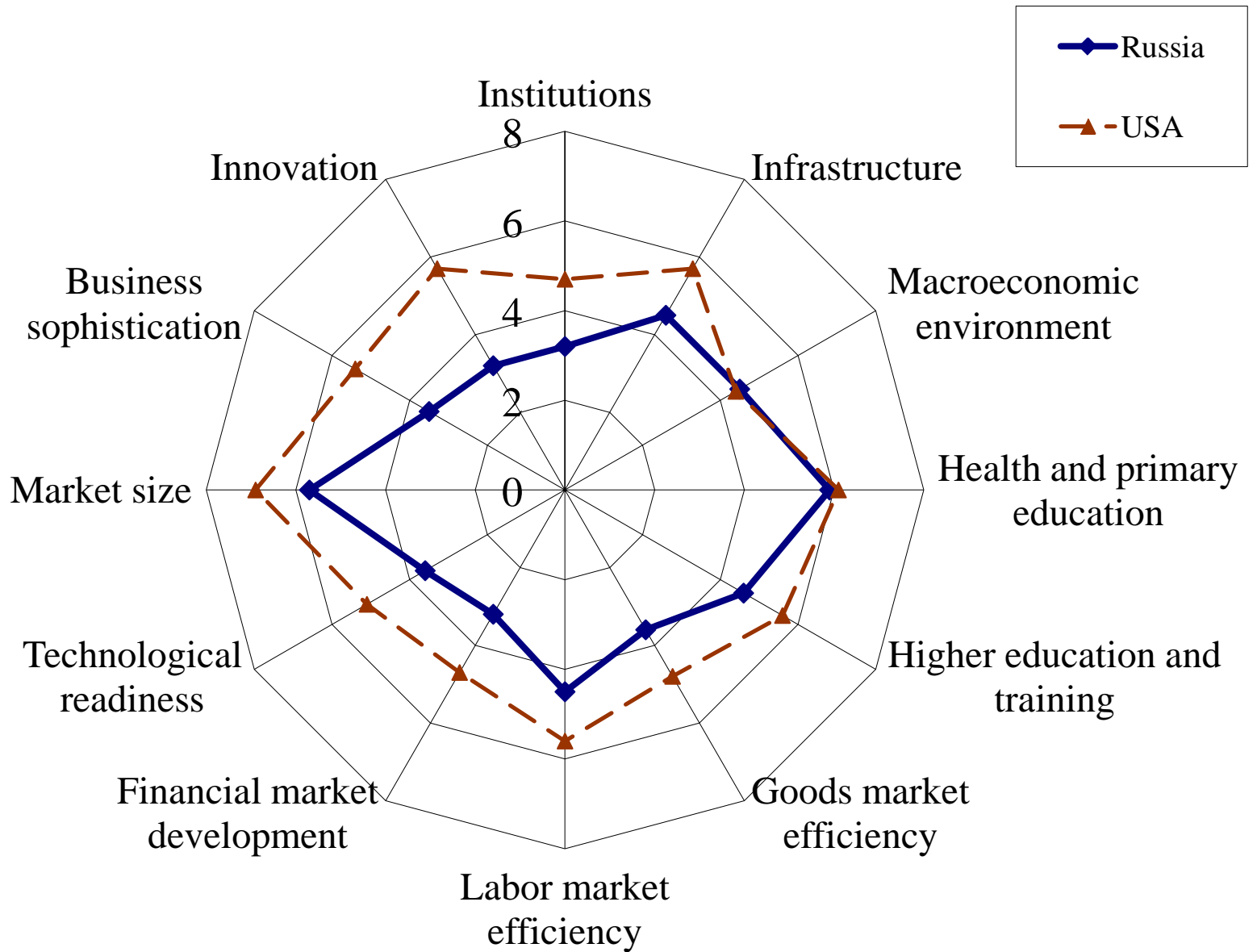
Country	Index of global competitiveness 2012–2013		Index 2011–2012	Change ranking 2011–2013
	Rank	index	Rank	
<b>Switzerland</b>	<b>1</b>	<b>5,74</b>	<b>1</b>	<b>0</b>
Singapore	2	5,63	2	0
Finland	3	5,61	4	+1
Sweden	4	5,47	3	-1
Netherlands	5	5,43	7	+2
Germany	6	5,41	6	0
USA	7	5,41	5	-2
United Kingdom	8	5,4	10	+2
Hong Kong sar	9	5,4	6	-3
Japan	10	5,39	9	-1
<b>France</b>	<b>21</b>	<b>5,14</b>	<b>18</b>	<b>-3</b>
China	29	4,9	26	-3
Italy	42	4,4	43	+1
<b>Russia</b>	<b>67</b>	<b>4,21</b>	<b>66</b>	<b>-1</b>

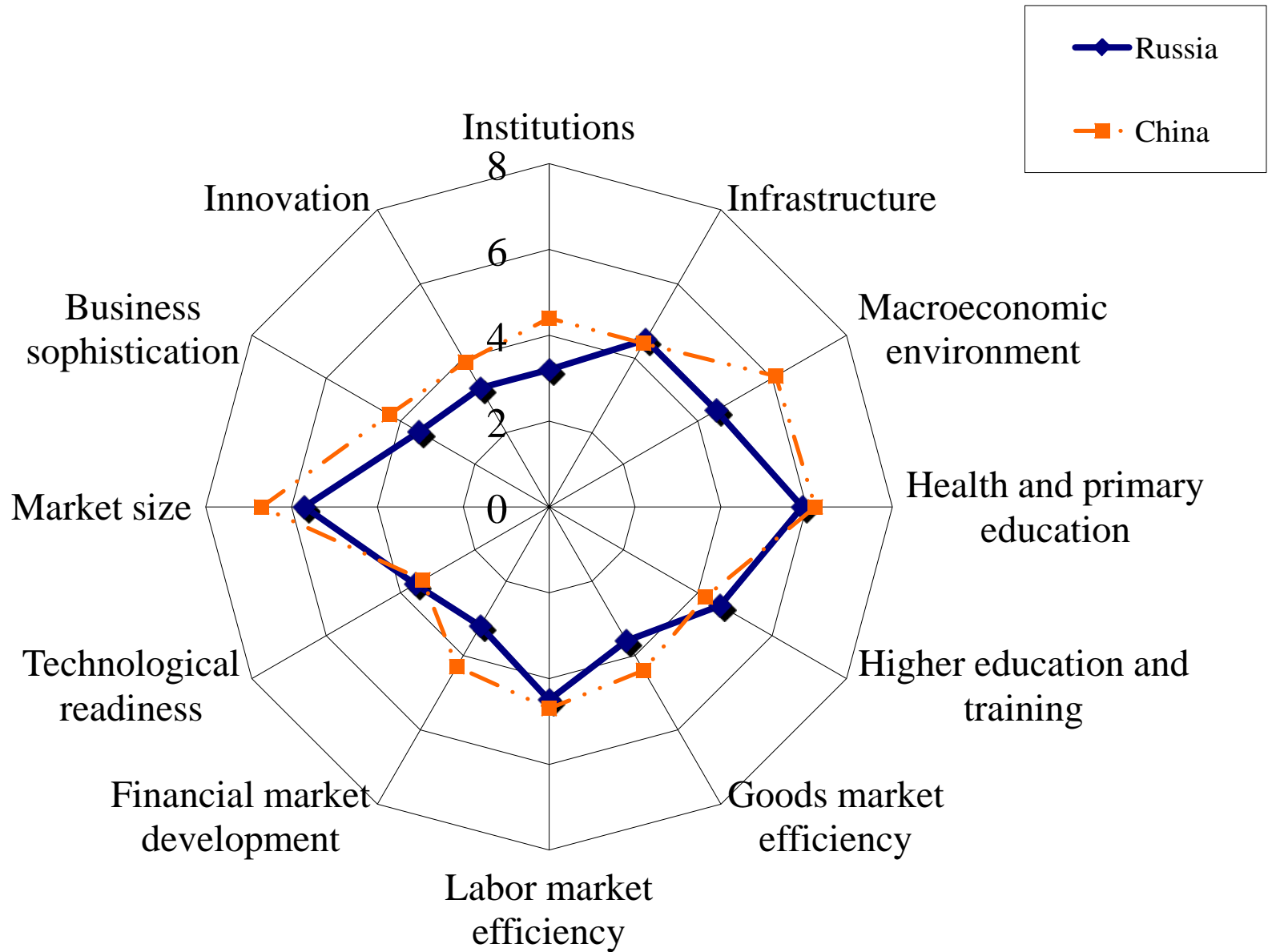
## Interrelation of an index of global competitiveness with gross domestic product per capita, \$ (doll)











The **object** of the research are indicators of the competitiveness of regional economies, including those defined by types of economic activity provided by the State Statistical Committee of the Republic of Tatarstan and the Russian Federation.

The **subject** of the research is the relationship between the data on economic activities and identifying patterns of development of the regions and cities of the Russian Federation through the diagnosis and determine the competitive advantage of regional economies (as part of the presentation by the case of a petrochemical cluster Republic of Tatarstan )

The **purpose** of the research - forming the methodological foundations of the strategic management of territorial and economic systems based on the principles and guidelines of competitive economic development of territories and enterprises, as well as the study of foreign and domestic experience.

# Method of research

The **objects** of the research were **53 types of economic activity** of the Republic of Tatarstan:

**44** - the industrial sector,  
**9** - the service sector.

**Inter-regional analysis** covered the **63 regions** of the Russian Federation

The analysis was performed on the following clusters:

- 1) Petrochemical (11 productions);
- 2) Machine (6);
- 3) Food (18);
- 4) Building materials (7);
- 5) Textile (2);
- 6) cluster of services (9).

The **system of indicators**:

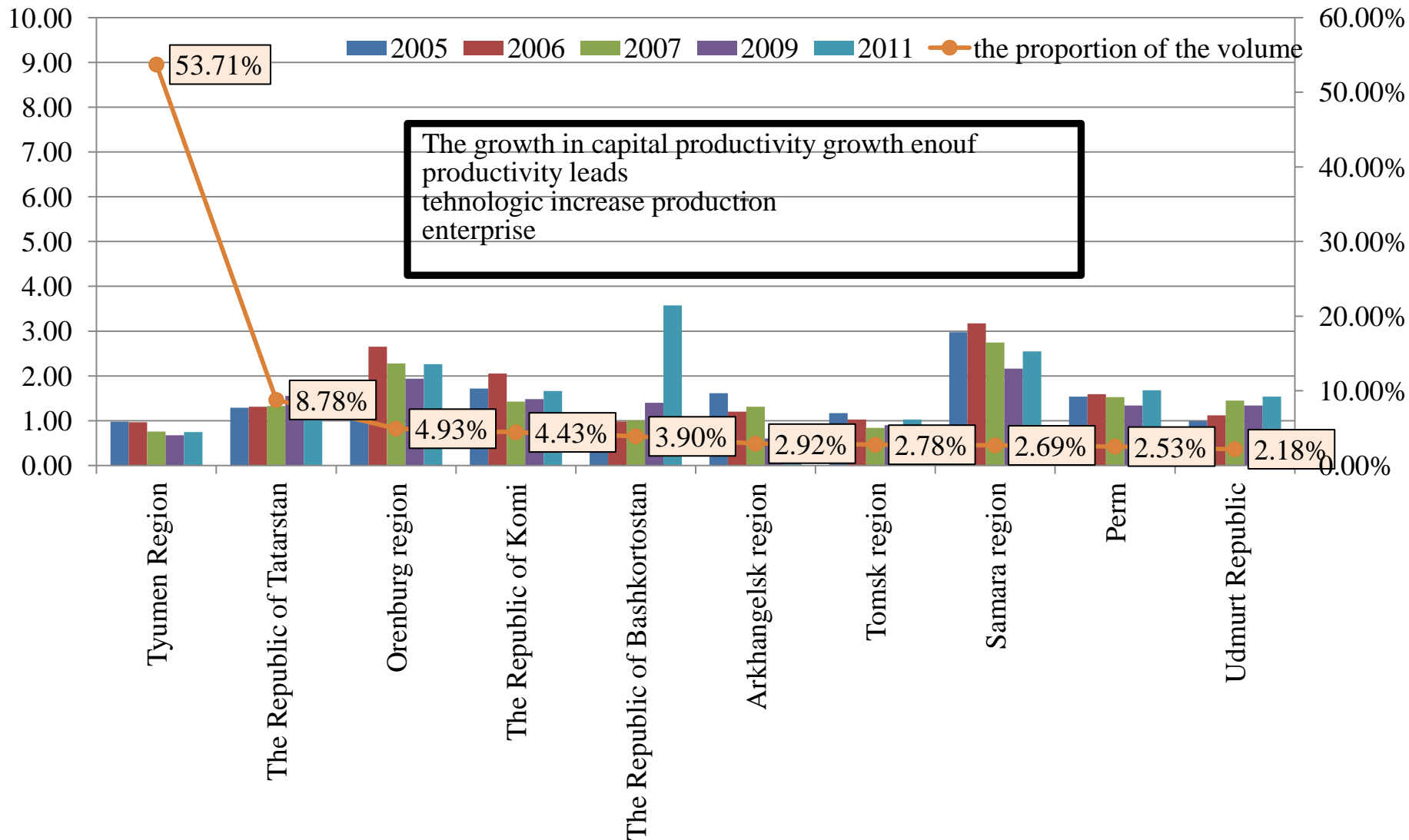
- 1) productivity, roub./labour in hour;
- 2) salary capacity;
- 3) the cost of one man-hour;
- 4) the quality of reward (influence cost of living);
- 5) capital productivity;
- 6) capital-labor ratio;
- 7) the return on investment of 1 rouble;
- 8) others

In our regions, petrochemical cluster region presented on **6 types of economic activity:**

1. Crude oil and oil (passing) gas extraction fraction of oil (passing) gas production;
2. Production of petroleum products;
3. Manufacture of plastics and synthetic resins, in primary forms;
4. Production of synthetic rubber;
5. Manufacture of rubber tires and tubes;
6. Manufacture of plastic products

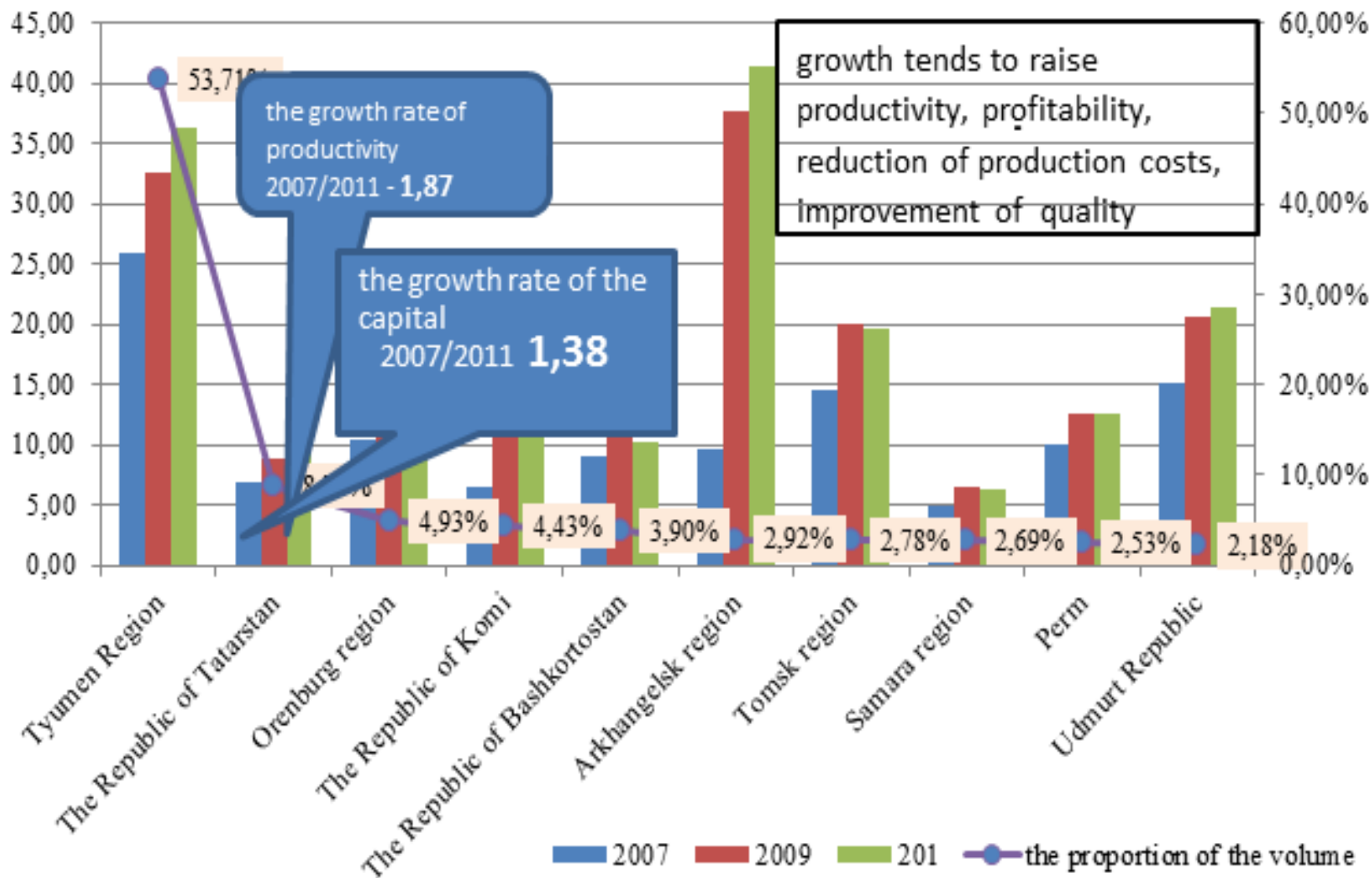
- Capital productivity is the generalizing indicator characterizing level of use of business assets of branch, is calculated the pays by division of volume of produce for a certain period of production by average for this period cost of the fixed business assets.
- The capital-labor ratio analysis – an indicator characterizing equipment of employees of the enterprises of the sphere of production of goods by the fixed business assets
- Let's consider dynamics of indicators of efficiency of use of the capital in terms of branches of industry.
- The assessment of use of fixed assets by types of economic activity of the Republic of Tatarstan assumes the analysis of indicators of capital productivity and a capital-labor ratio in terms of branches of the Republic of Tatarstan and their comparison with other regions.

# Capital productivity in production of crude oil in terms of regions of the Russian Federation

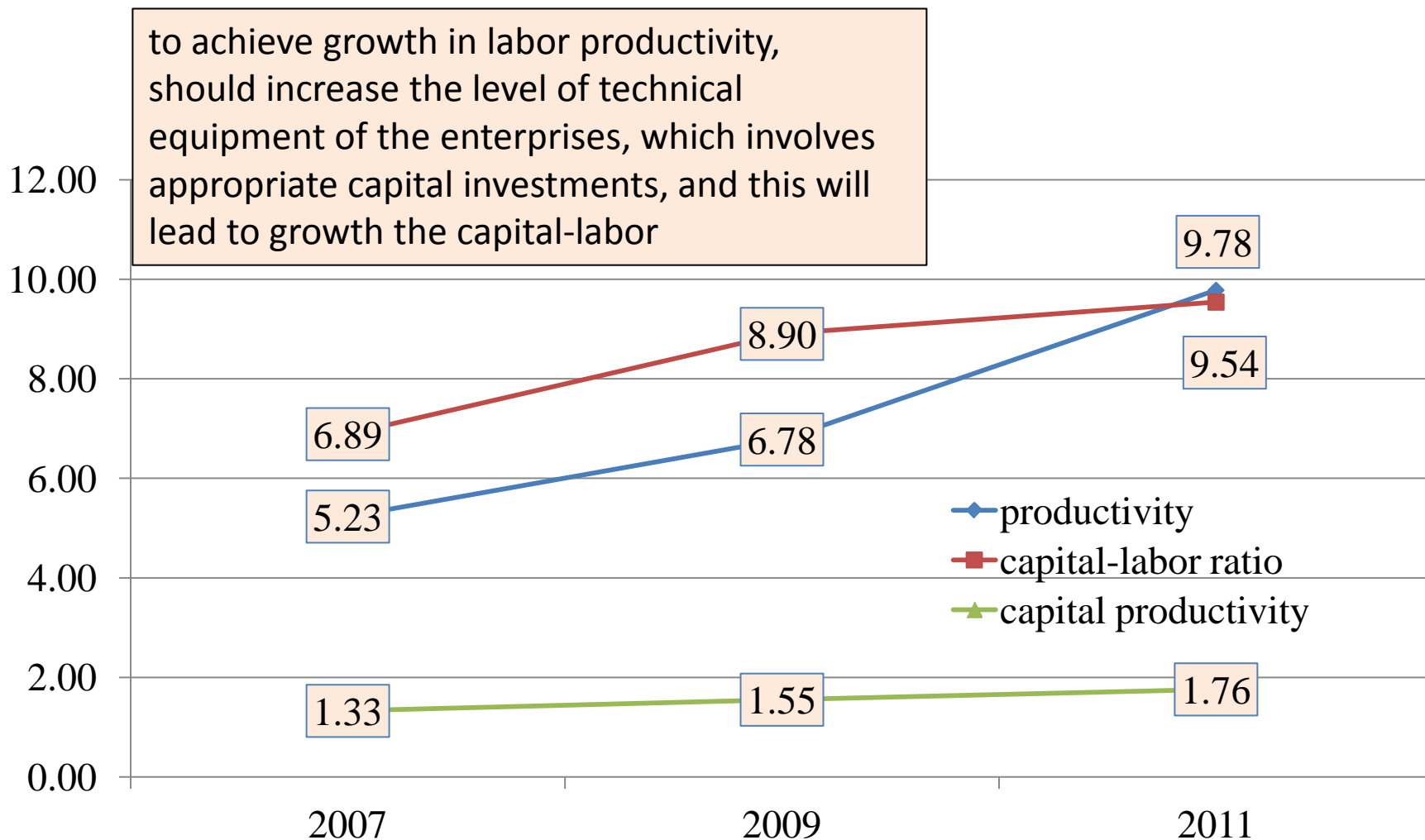




# Capital-labor ratio on production of crude oil in terms of regions of the Russian Federation



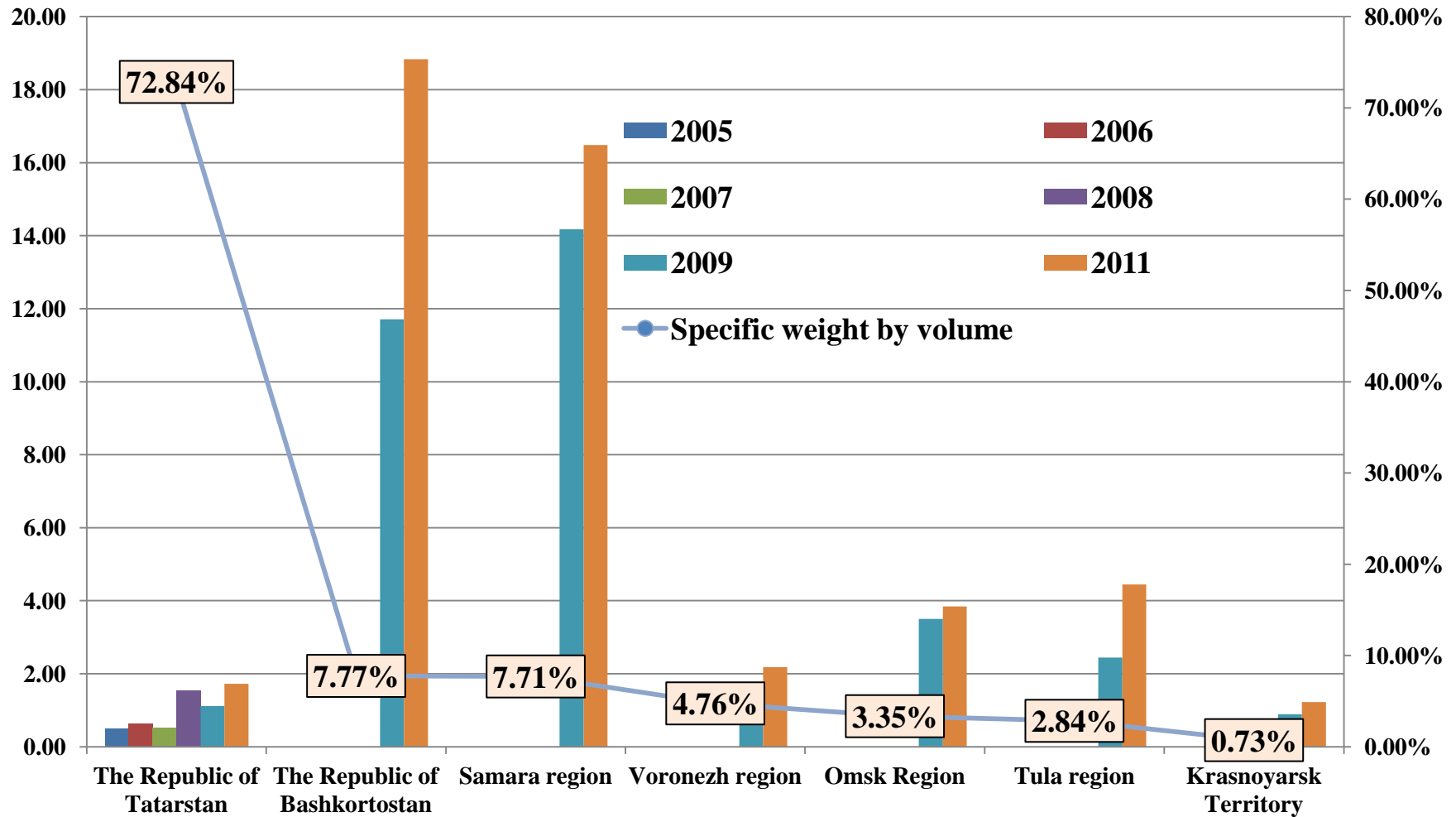
# Dynamics of indicators of labor productivity, capital productivity and capital-labor ratio on production of crude oil in the Republic of Tatarstan



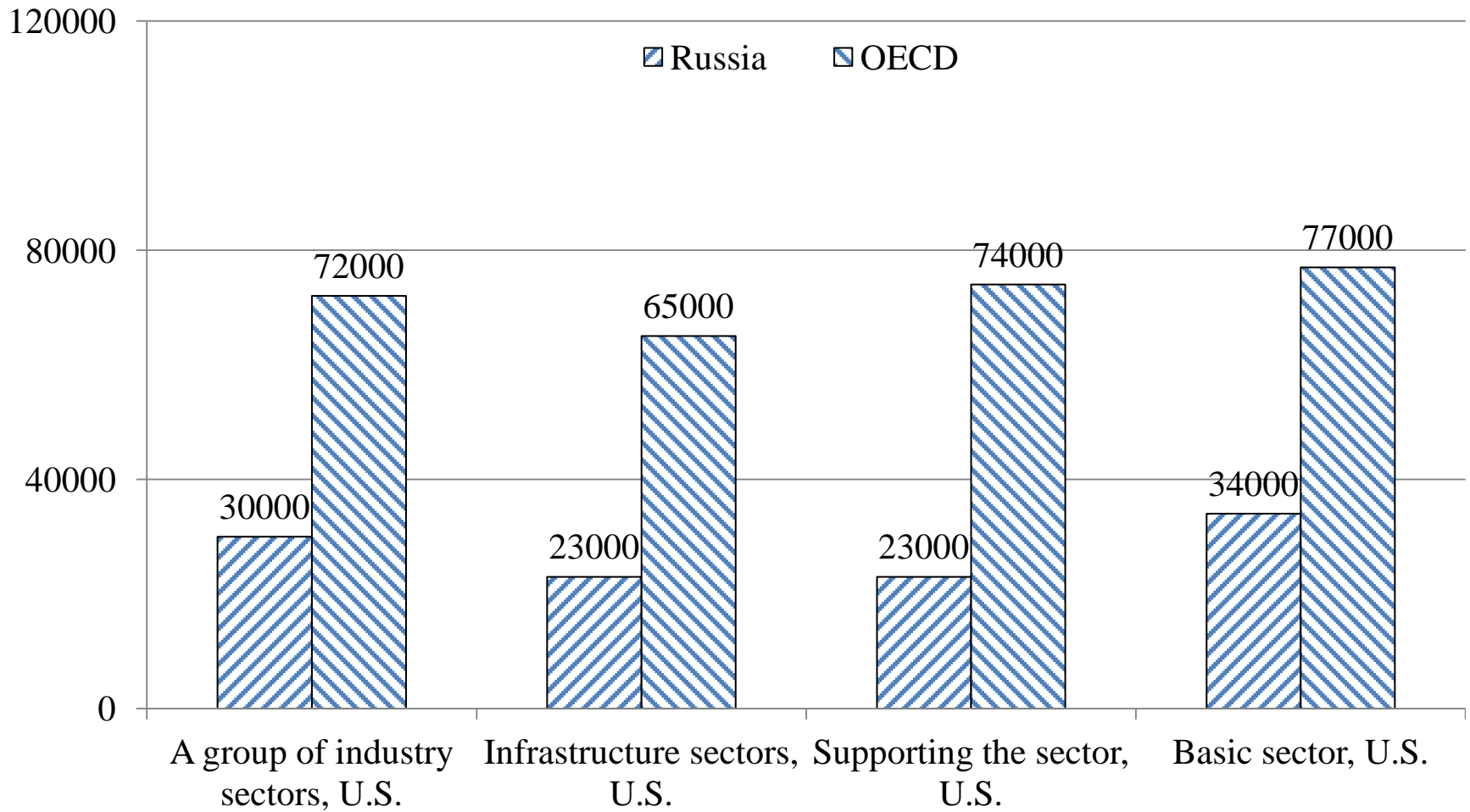
The **growth rate** is for years 2007-2011  
of the capital-labour - 2.4  
and productivity - 4.75.

We can formulate a **hypothesis**: the growth in output due to the intensive factor.

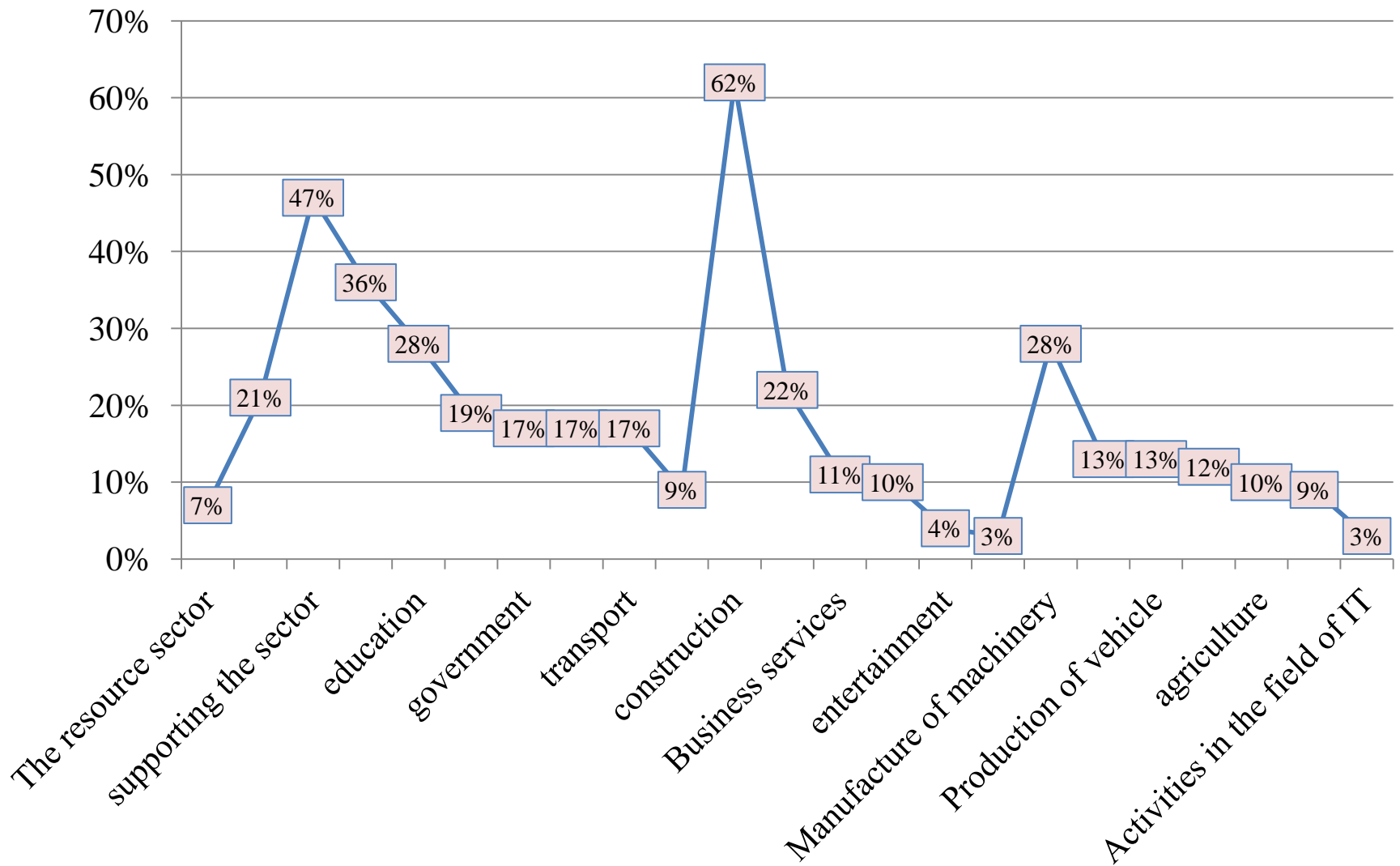
# Capital productivity on production of synthetic rubber in terms of regions of the Russian Federation



# Labor productivity in Russia and OECD by sectors, doll by PPP



# Gap in productivity between Russia and OECD



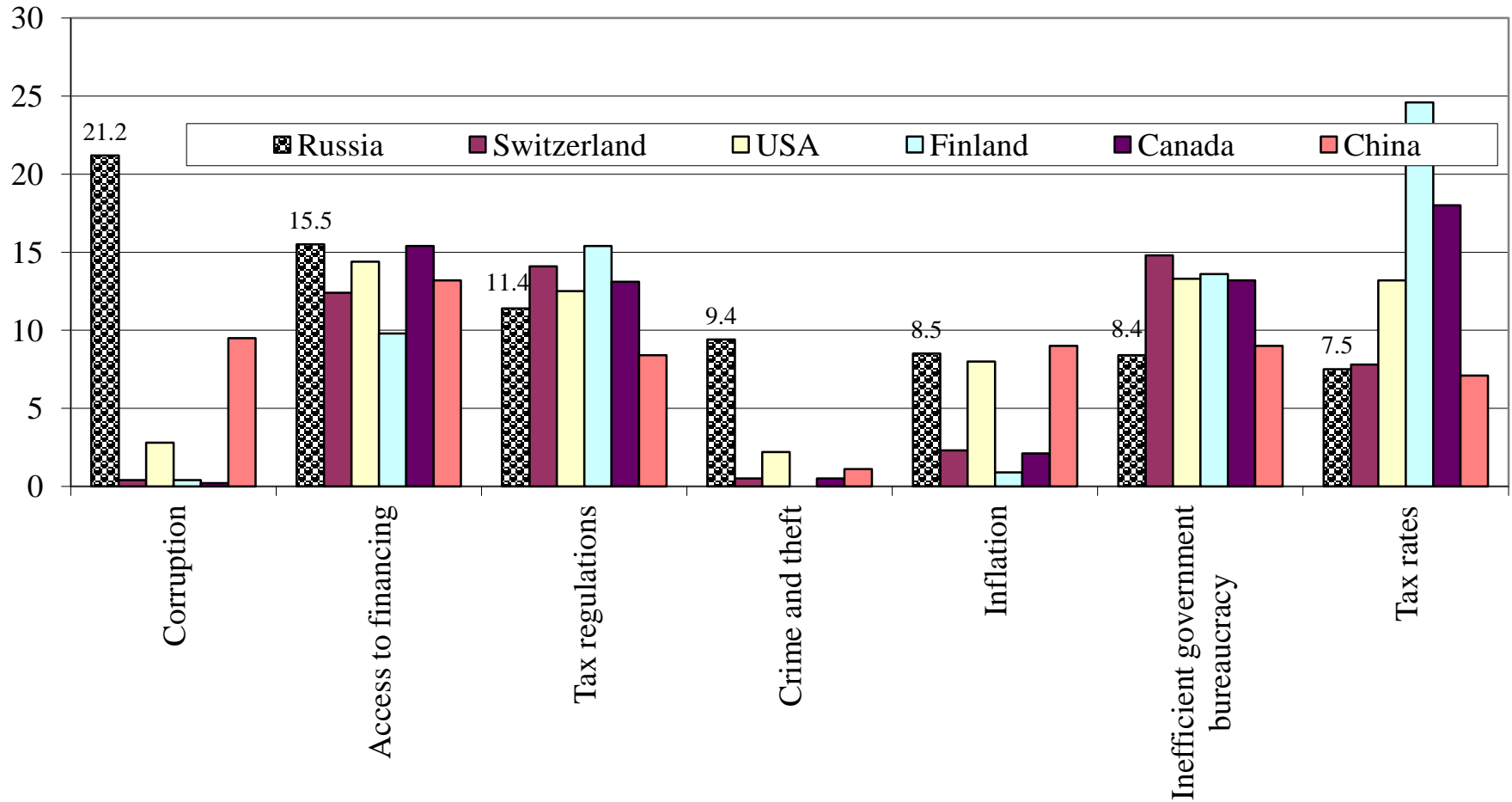
# Conclusions (macro-)

- The concept of competitiveness implies static and dynamic components: though productivity obviously defines ability of the country to support high level of the income, it also in many respects defines return on investment that, in turn, is one of the key factors explaining potential of growth of economy.

- The report reveals problems which result in low competitiveness of Russia. Among these are:
- inefficient judicial system, the inefficient institutional environment, decrease in quality of education, low level of mathematical and natural-science education at school, an inefficiency of market mechanisms, trade barriers, inefficient customs procedures, high extent of monopolization of the markets and barriers to trade and investments, influence of the taxation and the excessive tax burden, limited development of clusters and some other.



# The factors negatively influencing competitiveness



- According to data of the Index of global competitiveness, for fuller realization of potential of Russia it is necessary to solve the main problems in five spheres.
- First, it is necessary to make large-scale reforming and development of the institutional environment.
- Secondly, at a remaining high share of the learning population quality of education decreases.

- Thirdly, more intense competition in the internal and external markets of the country could considerably increase efficiency of all spheres of economy.
- Fourthly, further improvement of supervision of the financial markets and development of the banking sector is necessary.
- Fifthly, introduction and use of improved methods of management.

# Conclusions (micro-)

- Necessary to determine the optimal ratio of growth of labor productivity and capital in the enterprise at the expense of equipment.
- Need to assess the impact of these indicators on the growth of capital productivity by economic activity.
- Due to limited resources, other things being equal priority to the most efficient allocation of new equipment, depending on the degree of competitive products.

**Thank for you attention**