

**TIES 2020****International conference «Trends and innovations in economic studies»****TOURISM INVESTMENT DEVELOPMENT OF THE BAIKAL  
REGION: BASIC ISSUES, CHALLENGES AND PROSPECTS**

Lilia G. G. Rudykh (a)\*, Olga S. Shilova (b)

\*Corresponding author

(a) Irkutsk National Research Technical University, 83, Lermontov Str., Irkutsk, 664074, Russia,  
lili.rudih2011@yandex.ru

(b) Irkutsk State University, 1, Karl Marx Str., Irkutsk, 664003, Russia, olgaanufari@gmail.com

*Abstract*

The Irkutsk region and the Republic of Buryatia have a recreational resource of a world – wide importance – the lake Baikal, while the share of revenues to the budgets of subjects from the tourism industry is small and just 1 %. (for comparison, the share of revenues from non-ferrous metallurgy is 24 %). This situation is due to a number of factors: the logistical remoteness of the territory, a short tourist season, low-level developed regional tourist infrastructure, low density of population. In addition, the Baikal natural area is trying to develop in two mutually exclusive paradigms. Tourism as a branch of the economy in the last two years began to be presented as the main enemy of the ecology of lake Baikal. In fact, the tourism business, many investment programs are not actual for the region. On the Baikal lake exist a special ecological mode. The boundaries of the Central ecological zone of the Baikal natural area are the boundaries of the UNESCO world natural heritage site. The entire territory of the Central ecological zone of the Baikal natural territory is limited in circulation and is a Federal property, it is impossible to conduct any economic activity. There are more than 130 thousand people living on the coast of the lake Baikal, leading a certain economic activity, however, the protection of the interests of the local population is not regulated by any legislative act.

2357-1330 © 2020 Published by European Publisher.

**Keywords:** Recreational resource, ecological regime, land legislation.

## **1. Introduction**

The Irkutsk region and the Republic of Buryatia have a recreational resource of world importance – the lake Baikal, while the share of revenues to the budgets of subjects from the tourism industry is small and just 1 % (for comparison, the share of income from non-ferrous metallurgy is 24 %). This situation is due to a number of factors: the logistical remoteness of the territory, a short tourist season, poorly developed tourist infrastructure, low density of the population. In addition, the Baikal natural area is trying to develop in two mutually exclusive paradigms. Tourism as a branch of the economy in the last two years began to be presented as the main enemy ecological system of the lake Baikal. In fact, the tourism business, many investment programs are not actual for the region.

## **2. Problem Statement**

In solving the problems of the Baikal region and preserving the uniqueness of the flora and fauna of lake Baikal itself, a clear state position is needed that can prevent the danger of turning these territories into a source of energy and a place for tourist arbitrariness for the countries of the Asia-Pacific region. In this regard, there is a need to create a sound investment program that takes into account the interests of the indigenous population.

## **3. Research Questions**

On the Baikal lake is a special ecological mode. The boundaries of the Central ecological zone of the Baikal natural area are the boundaries of the UNESCO world natural heritage site. The entire territory of the Central ecological zone of the Baikal natural territory is limited in circulation and is a Federal property, it is impossible to conduct any economic activity. The coast of lake Baikal is home to more than 130 thousand people, leading a certain economic activity, however, the protection of the interests of the local population is not regulated by any legislative act.

The lack of a clear strategy for the development of this region and the state vision of the future of lake Baikal led to the formation of a contradictory legislative framework and legal uncertainty. The territory of large investment opportunities is increasingly turning into a battlefield without uniform rules. In the early 2000s, when there were a lot of gaps in the Russian legislation, was no serious supervision from the state bodies, the active development of the Baikal shores by the tourist business began. Only in the Irkutsk region there are 516 accommodation facilities (hotels, tourist bases). Last year, according to official data, 1 million 655 thousand people visited the Irkutsk region, as stated in the report of the tourism Agency of the Irkutsk region for 2018. Among them, foreign tourists – 295 thousand (the main part of Chinese tourists – 186 thousand people), the growth of foreign tourists last year amounted to 40 %.

During the nine months of 2018, the Republic of Buryatia was visited by 370 thousand people, including 58 thousand foreign citizens, including tourists from Mongolia, Korea, Germany, France, USA, Japan, great Britain, Poland, Sweden (Rudykh & Shilova, 2018).

Through the island Olkhon, the Small sea passes the most powerful stream of tourists on the lake Baikal, more than one and a half million people. In this area there is the most massive development of

hotel facilities. As a result of the inspection in 2017, organized by the Commission of the General Prosecutor's office of the Russian Federation, only in the Olkhon district of the Irkutsk region, 50 tourist camps and hotels violating water and land legislation were revealed. From the 19 hotels checked on the island of Olhone, 16 were illegal. Currently, a court judgment on the destroying of the largest hotel on Olkhon – "Baikal Ostrog" for 111 rooms, a restaurant for 250 seats, a conference room, because it is located in the water protection zone of lake Baikal.

Also at the beginning of 2019, a court judgment was made to ban the construction of the plant for bottling Baikal water in the village of Kultk, the owners of which are Chinese businessmen. In the courts of the Irkutsk region, regional prosecutor authorities initiated a mass prosecution of the claims, aimed at the elimination of tourist activities. The Baikal environmental prosecutor office submit the requests: annulment property right to the land under the objects of recreation, agriculture; the demolition of the tourist camps, guest houses and private houses; recovery of the environmental damage; termination activities of the tourist camps; outlawing illegal decisions on the transfer land to the recreational lands.

In connection with the emerging trend, a serious question arises about the possibility of tourism and other economic activities in specially protected natural areas (Resolution of the Government of the Republic of Buryatia, 2010). There are now many problems that need to be addressed. Either the territory around the Baikal lake is declared to be protected and any economic activity is prohibited, or preferences remain for the local business and the population, which already do not have special motivational factors for living in these territories. If the population is deprived of the opportunity to engage in tourism, it will simply have nothing to do. There is a version that the Baikal is cleaned under foreign beneficiaries who are ready to invest in the development of this territory. The current situation requires immediate clarification from the state authorities (Legal expert, 2017). During the last audit of the accounts chamber of the Russian Federation of the consolidated budgets of the Irkutsk region, Buryatia, a disappointing conclusion was made that the macroregion itself does not know where to develop "the goals of advanced development, stages and deadlines for their achievement are not defined at the national level" (AIF, 2019). The representative of the accounts chamber Yuri Roslyak noted that investments in the Baikal region from 2018 to 2020 will exceed 491.3 billion rub., more than half of which – the money of the Federal budget. However, as the auditor emphasizes, it is difficult to objectively assess the amount of funding, since there are no clear goals. This was influenced by the fact that the Federal and regional strategies of socio-economic development of Buryatia, Irkutsk region have not been updated for a long time (Irkutsk.news, 2018).

We go not to nowhere – so now we can characterize the development of the Baikal natural territory. Declared trend of growth of tourist flow will soon be finished, as the number of rooms will inevitably begin to decline due to the closure of tourist facilities. Maybe Baikal does not need to be a region of mass tourism, but should remain in the status of a reserve. Then it is not clear why so much Federal funds were invested in the development of special economic zones (SEZ) of tourist and recreational type in the lake Baikal. In particular, only for the construction of tourism infrastructure of the first stage of the SEZ "Baikal Harbor" (Republic of Buryatia) was spent 4.76 billion rubles from Federal funds (Federal State Statistics Service, 2018). "Baikal Harbor" was established in 2007 by the government of the Russian Federation. Tourist zone is located 110 km from Ulan-Ude, on the left coast of

lake Baikal, includes five sections: "Turka", "Sands", "Mountain Bychya", "Bay Nameless", "Goryachinsk". The accounts chamber of Russia included "Baikal Harbor" in the list of 10 inefficient special economic zones (Kalikhman & Kalikhman, 2017). In total, 201.2 billion rubles from the Federal and local budgets have been spent on the creation and development of the special economic zone in Russia since 2006. In 2016, Russian President Vladimir Putin imposed a moratorium on the creation of new SEZs because of questions about the efficiency of spending budget funds on their development. In 2017, the Ministry of economic development of the Russian Federation transferred management of the special economic zone to the Republic of Buryatia due to the inefficient work of previous residents. In 2018, the procedure for termination of contracts with previously announced 12 residents began due to their failure to comply with investment agreements, since they have not started the construction of tourist facilities (TASS, 2018). The government of the region began to search for new investors ready to enter the SEZ. To date, the process is very slow. In March 2019, the Korean company GEO RBC (a subsidiary of the GEO Group, Republic of Korea) announced its intention to become a resident of the special economic zone "Baikal Harbor" to build on the shore of the lake tourist and recreational complex "Baikal Asia paradise" with a hotel complex, guest houses, health and rehabilitation complex with pools biothermal water, ecopark, and athletic facility. The resident intends to comply with all environmental requirements for the Central ecological zone in order to exclude any negative impact on lake Baikal. The total investment has not yet been announced. The GEO Group company became the second Korean investor who declared itself on the status of the resident of SEZ "Baikal Harbor". The first Korean resident in early 2019 was Baikal sky, which for 165 million rubles should build a business and leisure center with an area of 1.7 thousand square meters on the Turk site (TASS, 2018).

In the Irkutsk region much later decided on the territory for the SEZ than in the Republic of Buryatia. After long discussions and changing of venues stopped at that SEZ "Gate of Baikal" will be developed only at the site in the city of Baikalsk. From the site of the Big Goloustnoe it was decided to abandon because of its futility. The territory of this special economic zone is 757 hectares. Previously, the industrial city, where the Baikal pulp and processing plant worked, is no longer functioning, the government of the Irkut region decided to turn into a modern environmental center. It is planned to invest 4 billion rubles in the infrastructure for residents of the SEZ "Gates of Baikal for the period 2018–2023 years. Construction of engineering infrastructure for the SEZ residents will provide prepared land plots on which it will be possible to build tourist facilities. Currently, 7 residents, whose total sum of planned investments is more than 2 billion rubles, have signed an agreement on the construction of hotel type facilities, and entertainment centers. In 2019, the resident of the SEZ – "Vector-Baikalsk", should begin construction of a hotel complex, the investment of the object will amount to 200 million rubles.

The direction for future development of the Far East and the Baikal region is presented in the table (Belyaev, 2010).

**Table 01.** Development strategy of the Far East and the Baikal region

The share of innovative products in total GDP %	2010	2015	2020	2025
	8,9	11,6	13,7	16,0

#### **4. Purpose of the Study**

The purpose of the article is to draw attention to the need to create well-thought-out investment programs that protect the uniqueness of the Baikal territories.

#### **5. Research Methods**

The article uses general scientific methods: induction, deduction, rise from the abstract to the concrete, analysis, synthesis, explanation, analogy, comparison.

#### **6. Findings**

Important tasks of the state policy in economic development of the Baikal region today are: creating conditions for a favorable investment climate, improvement of the tourist and recreational zone, strengthening of the state control over activity of the Chinese investors in especially protected natural territories of Baikal, and also need of recognition of this territory unique and reserved.

#### **7. Conclusion**

The Baikal region is characterized by a low density of population (the population of the Irkutsk region is about 2.4 million people, Buryatia – about 1 million people), difficult climatic conditions, remoteness from the national capital and world centers. Low population density (about 3 people/km<sup>2</sup>) create a situation of a high infrastructure loads per person. Transport, roads, communication systems, accessibility and many other things are imposed in the form of additional costs on the economy of the region. The low number is not able to provide regional businesses with the opportunity to build capacity at the expense of local consumers. All this requires additional resources to retain the population, economic growth of the Baikal region. Therefore, high-quality recreation and biological resources could be the basis for maintaining the attractiveness of the territory. The development of such areas as the creation of biomedical centers focused on the treatment of patients from all over the world, educational, the congress tourism, could be considered in the field of settlement of issues of economic activity in specially protected areas.

Today, defining the next problems of the Baikal region, it is necessary to raise the question of the application of a highly effective system of environmental monitoring and control of the environment. It is necessary to get away from unorganized tourism and reach a civilized tourist area in lake Baikal, but time will show how much it will be possible to implement it in practice.

#### **References**

- AIF. (2019). *“The Baikal region has no clear development goals – the accounts chamber of the Russian Federation”* Retrieved from: [http://www.irk.aif.ru/money/u\\_baykalskogo\\_regiona\\_net\\_chyotkih\\_celey\\_razvitiya\\_schyotnaya\\_palata\\_rf](http://www.irk.aif.ru/money/u_baykalskogo_regiona_net_chyotkih_celey_razvitiya_schyotnaya_palata_rf)
- Belyaev, A. (2010). *Improving the quality of life of workers as a factor in the implementation of the social policy of the Russian Far East.* Retrieved from:

- <https://presentacii.ru/presentation/povyshenie-kachestva-zhizni-trudyashhixsya-kak-faktor-v-realizacii-socialnoj-politiki-razvitiya-rossijskogo-dalnego-vostoka>
- Federal State Statistics Service. (2018). Buryatia in numbers: statistical Yearbook for 2018. Retrieved from:  
[http://burstat.gks.ru/wps/wcm/connect/rosstat\\_ts/burstat/ru/statistics/db/b56c618048627e7a80cb91b3ce167dd4](http://burstat.gks.ru/wps/wcm/connect/rosstat_ts/burstat/ru/statistics/db/b56c618048627e7a80cb91b3ce167dd4)
- Government of the Republic of Buryatia. (2010). Resolution of the Government of the Republic of Buryatia of November 2, 2010 no. 462 “About the approval of the Republican target program "Development of internal and entrance tourism in the Republic of Buryatia for 2011–2016””. *Now.ru. News of Russia and the world*. Retrieved from:  
<https://www.lawmix.ru/zakonodatelstvo/1977286>
- Irkutsk.news. (2018). *Message from the Governor of the Irkutsk region on the situation in the Irkutsk region in 2018 and the main directions of the regional state policy for 2019*. Irkutsk.news. Retrieved from: <https://irkutsk.news/novosti/2019-04-10/104137-poslanie-gubernatora-irkutskoi-oblasti-o-polozhenii-del-v-irkutskoi-oblasti-v-2018.html>
- Kalikhman, T. P., & Kalikhman, A. D. (2017). *Bull. AB RGS (Izv. AO RGO)*, 2(45). Retrieved from:  
<https://cyberleninka.ru/article/v/ozero-baykal-v-prirodoohrannoy-paradigme>
- Legal expert. (2017). Federal target program “Economic and social development” of the Far East and the Baikal region for the period up to 2025. Retrieved from: <https://urexpert.online/wp-content/uploads/2017/03/DVBR2025.pdf>
- Rudykh, L., & Shilova, O. (2018). Analysis of the society-economic indicators of the Irkutsk region, Buryatia, and the Far East in 2016–2017: Investments and prospects. *MATEC Web of Conf.*, 212. Retrieved from: [https://www.matec-conferences.org/articles/mateconf/abs/2018/71/matec-conficre2018\\_08014/mateconf\\_icre2018\\_08014.html](https://www.matec-conferences.org/articles/mateconf/abs/2018/71/matec-conficre2018_08014/mateconf_icre2018_08014.html)
- TASS. (2018). The authorities of Buryatia do not exclude the imposition of fines on residents of the SEZ at Baikal for idle. *TASS*. Retrieved from: <https://tass.ru/vef-2018/articles/5558375>