

# LARGE BUSINESS IN THE COASTAL ZONES OF RUSSIA: FEATURES AND FACTORS OF LOCALISATION

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*Russia's evident 'turn to the sea' as regards the economy, the infrastructure, and population distribution patterns is very much in line with the interests and projects of large businesses. This change manifests itself in the development of port and logistics complexes, the port industry, the construction of offshore pipelines, more active offshore oil and gas production, the growing demographic potential of coastal cities, etc. This article aims to explore the localisation of large businesses in Russian coastal zones and to analyse the 'coastalisation' of the country's largest companies. It is shown that 'coastalisation' has taken place in forty-two of Russia's top 100 companies, as rated by the Russian Business Channel. Another objective of the study is to identify large businesses' industrial and regional priorities in the maritime economy and investigate how they are transformed under the influence of geopolitical and geo-economic factors. Amid active Eurasian integration, which includes the Greater Eurasia project, big businesses are spurring the development of maritime economic complexes and the formation of sea-land economic structures, including cross-border ones. The study identifies which national coastal zones are most attractive to Russian large businesses. Special attention is paid here to the Baltic Sea and the exclave of Kaliningrad where both local (Sodruzhestvo and Avtotor) and interregional/transnational companies (United Shipbuilding Corporation, Gazprom, LUKOIL, etc.) are benefitting from the coastal factor in the socio-economic development.*

## **Keywords:**

coastal zone, coastal cities, Russia, large business, maritime complex, regional development, Baltic region

## **Introduction**

With their resource potential the oceans have invariably exerted and continue to exert a fundamental influence on the development of mankind and its spatial organization, and this phenomenon is fully accentuated and comprehended by Russian social and geographical science [1—5]. The post-Soviet period saw not only a large-scale reformation of Eurasia [6; 7], but also a transformation of

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the global positioning of Russia herself, a permanent adaptation of the country and her regions to new geo-economic and geopolitical realities being the result of increased maritime activity. This “turn to the sea”, apparent in the economy, infrastructure and settlement systems in the Russian Federation [8; 9] observed in the recent years is not only supported by a generally consistent state policy<sup>1</sup>, but also correlates directly with business interests, especially those of the largest enterprises. The conceptual analysis and assessment of the “sea orientation” of Russian large-scale companies, the identification of factors, features and formats of their localization and activity in coastal zones are the main goals of this study.

### **Large business in contemporary Russia: marine attraction and interests**

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‘Large business’ as a special phenomenon with its peculiar national (Russian) features has been the subject of quite a few studies since the late 1990s [10; 11]. In conceptualizing large-scale enterprises formed in post-Soviet Russia but responding to global economic realities, the researchers note the presence of a fairly stable grouping of influential business structures, record their dynamics and variability [12], emphasize the spatial character of their functioning and their strongly marked localization priorities [13; 14]. The continuing awareness of the non-trivial nature of attributing an economic agent as ‘large’ [15] is combined with the desire to develop statistically reliable criteria for identifying business as such<sup>2</sup>, and with the established practice of delimiting large companies based on numerous (inter)national rankings (RBC, Forbes, Expert, Kommersant).

According to the Federal Service for State Statistics (Rosstat)<sup>3</sup>, there are more than 4.5 million enterprises and firms registered in Russian. Yet if rankings (such as the RBC ranking of the top 500 Russian companies) are to be believed, only 195 companies have an annual revenue of more than 60 billion rubles and thus can be described as large. According to the author’s calculations, by the end of 2017 their share in economy accounted for more than 36 % of the total output of goods and services in the Russian Federation, with the top ten companies of the ranking providing almost 44 % of the gross revenue of all large enterprises (Table 1).

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<sup>1</sup> The priorities of state policy are recorded in such normative acts as the Federal Ocean-wide Federal Target Program (1998), the Russian Marine Doctrine for the Period until 2020 (2001), the Strategy for the Development of the Russian Federation Maritime Activities until 2030 (2010), and the Federal Target Program “World Ocean” for 2016—2031 (2015) et al.

<sup>2</sup> Two decades ago, Y. Sh. Pappé [10] proposed considering structures with a sales volume of more than \$ 1 billion as large and this approach is believed to remain relevant [16].

<sup>3</sup> *Regions of Russia. Social-economic performances. 2017. Moscow, 2018*

Table 1

**Concentration of economic activity in Russia  
(including gross revenue of enterprises and organizations), 2017<sup>4</sup>**

Ranking	Total gross revenue, billion rubles	Share in the total Russian release of goods and services, %
Top 10 (gross revenues)	29 897	16,1
Top 50 (gross revenues)	49 001	26,4
Top 100 (gross revenues)	58 797	31,7
Top 200 (gross revenues)	68 231	36,8

Compiled by the author on the basis of RBC data (500 Largest Russian Companies in 2018. RossBusinessConsulting. URL: <https://www.rbc.ru/rbc500/>) and Rosstat.

There are relatively few large business entities in Russia. All of them are fundamental to the economy, often integrated among themselves (often, through complex business partnership arrangements [12]) and substantially affiliated with the state or with public economic entities (Gazprom, Rosneft, Sberbank, etc.). A significant number of them is transnational (LUKOIL, for example, operates in 30 countries, Rosneft in 25) and is therefore dependent on foreign economic operations and access to global markets. Of the top hundred companies, 17 are oil and gas producers, eight specialize in metals, five operate in chemical and petrochemical industry. This corresponds to the current structure of Russian export, where almost 65 % of total output falls on fuel and energy products, 10.1 % — on metals and 5.2 % — on agricultural raw materials, primarily grain). One and a half decades ago N.V. Zubarevich [13] clearly showed in her analysis how these companies formed in purely ‘intracontinental’ territories, but then following the logics of both market and globalization they gradually developed as integral parts of ‘ocean economies’ (to borrow a concept from P.N. Savitsky), having carried out expansion campaigns into the coastal regions and having engaged in cross-border transcontinental exchanges. While only two of the top 100 companies can be rightfully classified as *marine economic*<sup>5</sup> ones (United Shipbuilding Corporation and Sakhalin Energy, the operating company of the Sakhalin-2 Project), the analysis allows us to emphasize a significant and multi-aspect *marine orientation* of the leaders of Russian business (Table. 2).

<sup>4</sup> 500 Largest Russian Companies in 2018. RossBusinessConsulting. URL: <https://www.rbc.ru/rbc500/> (access date: 09.07.2019).

<sup>5</sup> Following the usage established by the Russian scholarship on the subject, marine economy encompasses port logistics and marine modes of transport, shipbuilding and ship repair, extraction and processing of marine biological resources, extraction of mineral raw materials on the sea shelf, coastal types of recreation, and related research and education infrastructure.

Table 2

**Grouping of the largest companies in Russia  
(top 100 companies as ranked by RBC in 2018)  
according to the degree and nature of their marine orientation**

Degree of "marine orientation"	Business profile	Names of companies (brands)	Share in the total gross revenue of the top 100 companies, %
<i>Very deep</i> Pure marine companies	Defense industry and engineering, oil and gas	United Shipbuilding Corporation, Sakhalin Energy	1.1
<i>Deep.</i> Marine-dependent (transport-dependent) companies with divisions oriented to certain types of marine economy	Oil and gas, infrastructure construction	Gazprom, LUKOIL, Rosneft, NOVATEK, Stroygazmontazh, StroyTransNefteGaz, Zarubezh-Neft, Arktikgaz, UCL Holding, ROSATOM	33.0
<i>Significant.</i> Other marine-dependent (transport-dependent) companies	Oil and gas, metals and mining, chemistry and petrochemistry, automobiles, defense industry and engineering	Surgutneftegas, Transneft, "Tatneft", "Evraz", NLMK, RUSAL, Severstal, SIBUR, Magnitogorsk Iron & Steel Works, UMMC Group, Metalloinvest, SUEK, Mechel, EuroChem, Toyota Motors, TMK, Slavneft, Volkswagen Group Rus, Avtotor Holding, CSN Group, United Engine Corporation, PhosAgro, Independent Oil and Gas Company, Kia Motors Rus, Mercedes-Benz Rus, Uralkali, Sodrugestvo Group, Hyundai Motor CIS, Tomskneft VNK, RussNeft	18.6

The end of Table 2

Degree of "marine orientation"	Business profile	Names of companies (brands)	Share in the total gross revenue of the top 100 companies, %
<i>Moderate.</i> Companies that take into account the phenomenon of 'attraction to the sea' of the economy and population, and partly relying on marine logistics	Finance, transport, trade, oil refining, distribution, oil and gas	Sberbank of Russia, Russian Railways, VTB, X5 Retail, Magnit, AFK Sistema, Megapolis, Gazprombank, Lenta, Philip Morris, Alfa-Bank, Otkritie, Vnesheconombank, Auchan, Dixy, Rosselkhozbank, Metro Cash, Leroy Merlin Vostok, AvtoVAZ, Novy Potok, Merlion, Red and White, Mostotrest, MUMT Ltd, M-Video, Rolf, O'KEY Group, Nizhnekamskneftekhim, United Metallurgical Company, GAZ Group, SNS Group, TAIF -NK, Ch TPZ, KamAZ, Transmashholding, LSR, Major, ForteInvest, Irkutsk Oil Company, Uralvagonzavod	30.0
<i>Insignificant.</i>	Investments, defense industry and engineering, telecommunications, electricity, pharmaceuticals	Rostec, Rosseti, InterRAO, Aeroflot, United Aircraft Corporation, RusHydro, MTS, MegaFon, T Plus, Alrosa, VimpelCom, Rostelecom, J.T.I. Russia, Protek, Russian Helicopters, TNS Energo Group, Katren, Tactical Missile Weapons Corporation, PIK Group, EuroSibEnergo, Russian Post, Rusenergobyt, Tashir, National Computer Corporation, Polyus, Euroset, SOGAZ, Apple Rus, FC Pulse, Moscow Credit Bank, Procter and Gamble, Mosinzhproekt	17.3

Compiled by the author on the basis of RBC data (500 Largest Russian Companies in 2018. RossBusinessConsulting. URL: <https://www.rbc.ru/rbc500/>) and resources of the leading Russian companies.

The proposed structuring is an expert evaluation accounting for logistics prevailing for particular sectors of the economy, the actual activity of the largest Russian companies in the maritime sector, their real and potential focus on investment and consumer demand concentrated in coastal zones. It can serve as a framework and is conceptual in its nature, since full-format differentiation according to the degree of marine orientation of any kind of economic structures (especially big companies with their multiple divisions, each having their distinct profiles and assets) is very complicated. The 58 most identifiable and statistically dominant business structures are characterized by *insignificant* or *moderate* orientation to the marine factor. Only 12 out of top 100 companies have *very deep* (shipping companies proper) or *deep* marine factor orientation, yet they are the true leaders of big business in Russia: state-owned companies that set the general trend. Their spatial behavior activates the economic dynamics of coastal zones, turning said zones (along with globalization, cross-border regionalization and socio-economic concentration) into a priority area of localization of interests and activity of other business structures.

### **Localization of big business in the coastal zones of Russia: factors, features, trends**

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Coastal zones are social-geographical taxa of a special kind, confined directly to the sea coast and characterized by a pronounced projection of the marine factor on the residential and economic structure [17; 18]). The activity of large enterprises in these zones is *selective* and determined by the resource and positional characteristics of a territory. Generally, this activity correlates with post-Soviet trends in maritime dynamics, globalization, European integration and geo-economic and geopolitical changes in Eurasia.

Since the mid-1990s, when Russian economy was rapidly gaining openness and at the same time developing a pronounced raw material and comprador profile, it has primarily been the port industry that attracted marine interests of the emerging Russian big business; cargo turnover of Russian seaports grew more than 8-fold from 1998 to 2018, having exceeded 948 million tons. It gained its highest progressive dynamics amid extremely favorable conditions on global energy markets in the early 2000s, when cargo transshipment in the country's seaports increased by 25 % almost annually. By building logistics focused on port terminals, large enterprises became marine-dependent, and their strategies at the time were Euro-oriented to the extreme. Probably the best example of the trend is Ust-Luga Port, now the largest in the Baltic, realizing export interests of leading companies such as Rosneft, NOVOTEK, SIBUR, Uralkali and others

[19]. Still, the investments concentrated in the most important logistic centers and transport corridors, so this generally led to clustering of coastal divisions of large business and, in turn, resulted in a significant enhancement of the status and attractiveness of a few coastal regions with developed foreign trade infrastructure (in the form of new regionalization of Russia [20]). The only exception to the rule was commissioning of an oil terminal in the Barents Sea near the village of Varandey in 2000 by LUKOIL, though the terminal is still export-oriented. Against this background, stevedoring companies were incorporated into larger business structures (like Rosneft, provider of more than 40 % of all Russian oil production and controls the terminals in the ports of Tuapse, Nakhodka and Murmansk<sup>6</sup>), a move complemented by the consolidation of port assets within separate specialized corporations, such as UCL Holding, for example, a company that takes its 92<sup>nd</sup> position in the RBC ranking and incorporates Sea Port of St. Petersburg, Container Terminal St. Petersburg, Universal Transshipment Complex, as well as Tuapse and Taganrog Seaports.

Gazprom, the 40<sup>th</sup> company in the Forbes global ranking, which provides 12 % of the world and 69 % of Russian natural gas production introduced such transport and transit policy at the turn of the 21<sup>st</sup> century that allowed marine economy of Russian Federation to gain new momentum thanks to system of offshore pipelines often perceived as the most important tools of ‘gas diplomacy’ [21]. The total throughput capacity of these facilities in the Baltic and Black Sea regions, representing the configuration of the country’s main export-import corridors and equally oriented to Europe, since 92 % of natural gas is exported by Gazprom to European consumers, is 157.5 billion m<sup>3</sup> per year, which is equivalent to 65 % of the supply of Russian natural gas to foreign markets in 2018. It is symptomatic that in 2008 Gazprom also launched a partially offshore gas transmission project in Pacific Russia, which resulted in the organization of natural gas supply via the Sakhalin — Khabarovsk — Vladivostok pipeline launched in 2011; the design capacity of its first start-up complex being 5.5 billion m<sup>3</sup> of gas per year.

Since the early 2000s, the attractiveness of coastal zones for all large businesses, not only marine-dependent ones, has been increasingly determined by the lengthy and still ongoing [22; 23] processes of ‘pulling’ the demographic and economic potential into several leading urban centers. Spatial organization of contemporary Russia is such that the centers of 31 constituent entities of the Federation are localized on the coast (up to 50 km from the sea), in the coastal zone (up to 200 km), as well as in the zone of direct, or efficient, transport and economic accessibility from it (up to 500 km). Together, these territories account

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<sup>6</sup> *Rosneft*. 2018 Annual Report. URL: [https://www.rosneft.ru/upload/site1/document\\_file/a\\_report\\_2018.pdf](https://www.rosneft.ru/upload/site1/document_file/a_report_2018.pdf) (access date: 07.19.2019).

for almost 27 % of the population of all regional centers (including the federal one). From 2002 to 2019, the population of St. Petersburg grew by 15.5 %, Sochi — by 11.8, Kaliningrad — by 10.5; and the entire population of coastal cities of the country saw an overall growth of 8.1 %. The capacity of these and other nodal coastal settlements (Table 3) predetermine an additional incentive to ‘shift’ a particular business (including large) to the sea and the most highly developed segments of coastal zones.

Table 3

**The proportion of the largest cities  
(250 thousand people or more) of the coastal zone on the scale  
of the Russian Federation by main socio-economic indicators**

City	Share in the population, %		Share in Russia, %		
	Russia	Russian coastal cities	In investments in fixed assets	In housing commissioning	In retail turnover
St. Petersburg	3.6	39.1	0.95	4.6	4.44
Rostov-on-Don	0.77	8.3	0.22	1.41	0.40
Makhachkala	0.49	5.3	0.01	1.50	0.01
Vladivostok	0.43	4.6	0.06	0.13	0.22
Astrakhan	0.36	3.9	0.16	0.36	0.14
Sochi	0.35	3.7	0.06	0.15	0.21
Kaliningrad	0.32	3.5	0.09	0.57	0.19
Sevastopol	0.30	3.2	0.04	0.22	0.21
Arkhangelsk	0.24	2.6	0.02	0.17	0.10
Murmansk	0.20	2.2	0.08	0.03	0.13
<i>Total</i>	7.06	76.4	1.69	9.00	6.05

Compiled by the author on the basis of Rosstat data<sup>7</sup>.

There are 17 ‘thalassocentered’ regions in Russia, that is, those characterized by a shift to the sea coast of their most important nuclei of socio-economic activity [24]. About 20 % of the country’s population is concentrated there, and by the end of 2017, 23.9 % of the total new housing commissioned in Russia was constructed there. Almost 21 % of the country’s retail trade accounts for these territories. This proportion, with a distinctive shift towards urban agglomerations, is essential for large retail, construction and development companies, and leading financial institutions. It is characteristic that large retail chains Lenta and O’KEY originate from St. Petersburg, and that the largest coastal cities are quite attractive for other leaders of network trade (Table 4).

<sup>7</sup> *Regions of Russia*. The main socio-economic indicators of cities. 2018. Statistical Digest. Moscow: Rostat, 2018.

Table 4

**Localization of Metro, O'KEY and Auchan retail centers in the coastal zone**

Company	Retail centers in Russia	Retail centers in coastal areas	Localization (and number) of retail centers in coastal areas
Metro	92	10	Saint Petersburg (3), Rostov-on-Don (3), Astrakhan (2), Arkhangelsk (2), Kaliningrad (2), Novorossiysk (1)
O'KEY	77	29	Saint Petersburg (23), Astrakhan (2), Rostov-on-Don (2), Murmansk (1), Sochi (1)
Auchan	314	13	Saint Petersburg (8), Rostov-on-Don (4), Simferopol (1)

Compiled by the author on the basis of corporate websites.

The increased effective demand complemented by good logistics capabilities predetermines the reinitialization of coastal zones started by large enterprises through the location of car assembly plants (Toyota Motors, Hyundai Motor CIS, etc.) and food industry companies (like the Sodrugestvo Group in the Kaliningrad region). The establishment in 2007 of the United Shipbuilding Corporation, which included four dozen enterprises, design and research centers, including those located in the east of the country, was one significant aspect of marine-oriented reindustrialization. The overwhelming majority of large business entities continue to focus their interests on a limited set of coastal urban centers, mainly in the European part of the country [16]. Even Russian retail giants such as X5 Retail and Magnet, ranked 7<sup>th</sup> and 9<sup>th</sup> in the RBC-500 list, respectively, do not have divisions in Pacific Russia. Apart from Auchan, largest Russian retail chains are not represented in the Crimea, where 96 % of the territory is coastal [19]; the branch network of leading transnational banks with Russian headquarters (Sberbank, VTB, etc.) does not operate in this area either, and there are no Perekrestok superstores in Dagestan.

Geo-economic and geopolitical reasons determine attractors and the framework of coastal localization for big business and modify its spatial priorities<sup>8</sup>

<sup>8</sup> There is growing awareness of the failure of "West-centric Russian foreign policy" [25], intensification of global rivalry between corporations and powers [26], as well as of the shift of the center of economic activity to the east of Eurasia, primarily to China [27].

contributing to the formation of a multi-vector geostrategy (especially so in state-owned corporations), multiplying the number of poles, or points, of growth in coastal zones in Russia, expanding their influence into the Arctic, as well as to the coast of the Russian Far East. This megatrend is driven by a motivated shift of emphasis of oil and gas production in favor of the offshore both through the localization of energy resources and geopolitical interests, as well as the development of the liquefied natural gas (LNG) market.

Since 1995, LUKOIL has been exploring and developing hydrocarbon deposits in the northern part of the Caspian Sea. In 1999, energy production began off the shore of the Sakhalin island, as of 2007 — under the control of Gazprom. In 2006, the construction of the first Russian LNG production facility launched off Sakhalin, and in 2018, its share amounted to 4.8 % of the total LNG demand in the Asia-Pacific region and about 3.6 % of the global LNG demand<sup>9</sup>. Offshore gas production centers are formed by Gazprom in Kamchatka, as well as on the shelf of the Sea of Okhotsk and the Kara Sea; Gazprom also began oil production at the Prirazlomnoye field in the Pechora Sea, and a project for the LNG plant in Vladivostok is also in the pipeline. Rosneft, which currently holds 55 licenses for plots in the Arctic, Far Eastern and Southern seas of Russia, is also demonstrating maritime activity. A large marine-oriented project based on LNG technologies is implemented in the north of the Yamal peninsula by NOVATEK: in 2018, the company produced 68.8 billion m<sup>3</sup> of natural gas. NOVATEK is also developing the supporting bases for its business, i.e. LNG storage and transshipment terminals in the Murmansk region and in Kamchatka.

The real proportion of the offshore oil and gas production in Russia is still insignificant. Thus, in 2018, Gazprom extracted 0.73 billion m<sup>3</sup> of gas and 3.19 million tons of oil on the shelf, compared to the company's total gas and oil production of 497.6 billion m<sup>3</sup> and 40 million tons, respectively<sup>10</sup>. Offshore development for less than 3 % of Rosneft<sup>11</sup> total oil production. Nevertheless, according to the sometimes contested [28] estimates, by the middle of the 21st century the Arctic shelf alone will provide from 20 to 30 % of all Russian oil production. Motivated by the dynamics of global energy markets and geopolitics, offshore projects of the Russian business (especially those in the Arctic zone) are long-term, costly and carry high risks. On the one hand, their promotion is achieved through state participation, with the government not only boosting the development of the Northern Sea Route [29], but also initiating additional localization of military

<sup>9</sup> *PJSC Gazprom annual report for 2018*. M., 2019.223 s. URL: <https://www.gazprom.ru/f/posts/01/851439/gazprom-annual-report-2018-ru.pdf> (access date: 07.10.2019).

<sup>10</sup> *PJSC Gazprom annual report for 2018*. M., 2019.223 s. URL: <https://www.gazprom.ru/f/posts/01/851439/gazprom-annual-report-2018-ru.pdf> (access date: 07.10.2019).

<sup>11</sup> *Rosneft. 2018 Annual Report*. URL: [https://www.rosneft.ru/upload/site1/document\\_file/a\\_report\\_2018.pdf](https://www.rosneft.ru/upload/site1/document_file/a_report_2018.pdf) (access date: 07.19.2019).

and other infrastructure throughout the country's coastline; on the other, it can be attributed to the established practice of transnational partnerships including the involvement of such significant geo-economic actors, as Exxon Mobil, Royal Dutch Shell, Eni, Statoil, Total and others, which has led to the internationalization of most important segments of Russian marine economy.

Energy projects, the perspective of which directly correlates with the capabilities of maritime transport [29, 30], are aimed at the development of new shipbuilding centers in the coastal zones. Thus, together with Rosneftegaz and Gazprombank, Rosneft is implementing a project for the production of large-tonnage vessels in the city of Krasnyj Kamen in Primorsky Krai; and a specialized shipyard is being built by NOVATEK in the Murmansk region. This process determines the possibility of increasing the material and technical base of Russian fisheries within the framework of the investment quotas mechanism. Against this background, the contours of the large-scale companies (and alliances) generated by the national and transnational structures of aquatic-territorial complex formation are becoming more prominent, as is the further clustering of priority areas of maritime activity; most consistently so — on the Russian coast of the Baltic Sea.

### **Maritime activity of large companies in geopolitical and geoeconomic turbulence: the Russian Baltics**

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Only 7 % of the coast of the Baltic Sea, or about 500 km [31], are under the jurisdiction of the Russian Federation; this small segment of the coastal zone is not only the most densely incorporated into the European integration processes (including the format of the Baltic region [32]), but it is also densely populated in comparison with other coastal territories of the country: 12 urban settlements are located directly on the coast with almost 6 million population, which constitutes 43 % of population living on the country's coasts. As this area is economically and infrastructurally developed, it is attractive to people and businesses. Being integrated by the water area in the status of the 'open sea', in spatial terms it is bistructural, where the westernmost Kaliningrad region has developed its specific economic conditions and practices by virtue of being an exclave since 1991. Apart from being bistructural, the area is also asymmetric and almost monocentric, with a pronounced dominant of the St. Petersburg coastal region [41], the country's second-largest focus of socio-economic activity and migration attractor (in 2017, the absolute migration value was only half that of the Moscow region). It is here, within the Russian Baltic, that the headquarters of the 14 out of 200 major Russian companies are located, which is significantly inferior to the 'intra-continental' Moscow and Moscow region (119 and 15, respectively), but at the same time much higher than for the other coastal areas of the country (3).

Since 2008, the operating conditions of large business structures in the Russian segment of the Baltic coastal zone have undergone systemic changes, accompanied by the effects of turbulence increasing in its amplitude. Following the rules of economic cyclicity [37], the volatility in the primary commodity markets, which are the most important for Russia and its coastal transport corridors, has deepened; the markets are changing, and access to them is complicated, which requires more and more investments. The crisis in the Russia-West relations system crucial for the transboundary territories of the Baltic borders of Russia, especially for the Kaliningrad exclave, erupted in 2014 and has manifested itself ever since, not only generating geopolitical demarcation, including the formation of a component of its own autonomous communication structure and life support in the Baltic Sea by the Russian Federation, but also increasingly turning the north-western ‘facade’ of our country into its ‘facade outpost’. Under the influence of global and macro-regional dynamics, which is intensifying cross-country and inter-port competition for Russian goods flows [38] and for Chinese transit [39], the entire Baltic region as a whole is gradually losing its former geo-economic significance. In 2000 the total share of countries (except Russia) accessing the Baltic Sea in the world GDP at the official exchange rate reached 8.1 %, in 2017 this was only 6.6 %. It is significant that already in 2011 there was a notable (8.7 percentage point) decrease in the proportion of Baltic ports in the total sea freight turnover of Russia; in the subsequent period, this indicator, showing a wave-like fluctuation, generally decreased; in 2008—2018, the share of the Baltic in the country’s sea freight turnover, according to the Russian Seaports Association, decreased from 47.3 to 33.3 %. Against this background, the presence of large companies in coastal zones and their systemically important economic role persists and even intensifies, and the Russian Baltic Sea itself becomes a nodal, central element of the country’s entire marine economic activity.

In particular, the ‘marine-dependent’ clusterogenesis in shipbuilding and car assembly, which, in turn, attracts tire production, auto glass production, electric steel smelting [40] and food industry, taking place in the region is being supplemented by the formation of a LNG production cluster: Gazprom complex in Ust-Luga region, as well as the LNG project Kriogaz-Vysotsk implemented by NOVATEK and Gazprombank. Yet, the trend of increasing transshipment capacity, including the construction of several new ports (universal loading complex in the Primorsky, Leningrad Region; cruise terminal in Pionersky in the Kaliningrad Region and others) shows signs of path dependency. The creation of a marine economic mega-cluster with a clear foreign trade orientation localized mainly on the Gulf of Finland by large business structures with significant state support<sup>12</sup> not only strengthens the competitive position of the entire transport and

<sup>12</sup> The federal target program “Development of the transport system of Russia (2010—2020).” URL: <http://fcp.economy.gov.ru/cgi-bin/cis/fcp.cgi/Fcp/ViewFcp/View/2014/264> (access date: 24.07.2019).

logistics corridor of the Russian Federation in the Baltic, but also more clearly emphasizes the status of St. Petersburg as an absolute ‘marine capital’ of Russia. Further development of St. Petersburg’s port-industrial-innovative complex (the decision to relocate the headquarters of the United Shipbuilding Corporation to St. Petersburg from Moscow made in 2019 is symptomatic in this context) suggests its conjugation with the Kaliningrad exclave. The latter’s turn to the sea is logical [31] and at the same time allows to gain additional functionality oriented directly towards large companies in connection with the government’s decision to establish a financial offshore on Oktyabrskij island in the city of Kaliningrad.

## **Conclusion**

As they enter global markets and incorporate into transnational reproduction chains, Russian largest companies become more and more marine-oriented, which is accompanied by their multifaceted, increasing and, at the same time, selective activity in the coastal zones of the country. The drivers of this trend, to a large extent inherent in shipbuilding, oil and gas production, chemistry and petrochemistry, metallurgy, individual engineering industries and, to a lesser extent, retail, construction and financial sectors, are not only the imperatives of logistics or the increasing competition for using the resource potential of the world ocean, but also a prolonged concentration of consumer and investment demand in leading coastal centers, acquiring the properties of development corridors. The most significant are the positions of the largest Russian companies in offshore oil and gas production, shipbuilding, and in the port sector — the sectors that are now the main drivers of marine economic complex formation, as well as the formation of aquatic-territorial economic structures, including cross-border entities. The multi-vector strategy of localizing production, carried out by leading energy-resource companies giving impetus to the development of coastal territories, including in the Arctic zone, in Pacific Russia is consistent with the Eurasian geo-economic dynamics (including the formation of Greater Eurasia) and is combined with a stable focus on the interests of large businesses on leading urban agglomerations and transport corridors gravitating towards them in the West and South-West of the Russian Federation. The coastal areas in the Baltic Sea are of special priority for large enterprises; even in the conditions of increased geopolitical turbulence post 2014 they retain their communication, market, infrastructure and innovative potential.

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