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## **TOURISM AS A NEW FORM OF DEVELOPMENT OF ARCTIC REGIONS OF THE REPUBLIC OF SAKHA (YAKUTIA) OF RUSSIA**

**Abstract:** The historically formed heterogeneity of the socio-economic space has a significant impact on the structure and efficiency of the development of the northern territories economy. Economic development of the North becomes stable if the territory settlement, the preservation of the traditional economy of indigenous peoples, as well as rational land use take place simultaneously. One of the focus areas for northern economy diversification is tourism, which is now one of the fastest growing sectors of the world economy. With the development of the global tourism market, the development of tourism shifts to the North, promoting the development of regional and local tourist markets. The tourist market of the northern territories is oriented to the formation of a new model for the functioning of this sector, combining effective market mechanisms with the preservation of traditional nature management as a component of specific entrepreneurial resources of the North (cultural heritage, traditional knowledge, tribal communities, etc.). In the Arctic regions of the Republic of Sakha (Yakutia), the development of tourism is mainly "informal", associated with undeveloped infrastructure, a shortage of qualified personnel, "inaction" of local governments. To efficiently develop tourism it's necessary to provide a scientific approach to assessing the resources and development potential of the territory on the basis of fieldwork research along with a coordinated policy of conducting northern scientific research. Coordination of research organizations, institutions of academic science, higher education institutions by federal organizations, which will reduce duplication of research, unify educational programs, improve the quality of education, improve the information support system and scientific research. The creation of local government institutions reduces the economic and social risks of the development of the North, since it is the local population that has accumulated knowledge for centuries about the possibilities of using the resources of its territories. Tourism in the arctic regions of the Republic of Sakha (Yakutia) can become a process of new development of these territories with the concomitant development of new technologies, communications, infrastructure, with increased training of the local population, development of entrepreneurship and sustainable development. The work was supported by the grant of the Russian Science Foundation No. 15-18-20047 "Ontology of the landscape: semantics, semiotics and geographic modeling".

**Key words:** tourism, development, Arctic, indigenous peoples, territory.

## **Introduction**

The global process of development of the international tourist market along with the rising demand for recreation in the North affects the differentiation of the national tourist market and the development of remote tourist destinations, used as an instrument for regulating the regional imbalances of the country. In recent decades, northern regions have become more attractive for tourism with its picturesque landscapes, unique natural resources and phenomena. In the tourist markets of developed countries, the model of consumer behavior has changed, with the predominance of active pastime on vacation. At the same time, the share of active tourism is increasing and extreme tours, exotic tours to distant areas not yet discovered by tourists, are becoming popular [4].

The ongoing processes of globalization have led to several changes in the division of labor, the employment, the structure of social needs. New approaches to development of northern territories imply to develop methods and technologies for development aimed at changing the attitude to the North as a source of resources, at transformation of the spatial organization of the economy, at ensuring its investment attractiveness and at comfortable living conditions for people.

The tourist market of the northern territories is an important part of the state social and economic policy, which is oriented towards the formation of a new model of functioning of this sector, combining effective market mechanisms with the preservation of traditional nature management as a component of specific entrepreneurial resources of the North (cultural heritage, traditional knowledge, tribal communities etc). On the example of tourism development, it is possible to trace the process of development, development of northern territories and their adaptation to the challenges of globalization.

### **Tourist market of the Republic of Sakha (Yakutia)**

Recently, Russian economy has seen an increase of domestic tourism, caused by geopolitical changes, by growth of foreign exchange rates against the Russian ruble and other reasons. The current situation in the world economy pushed to increased demand of Russians for previously unknown remote areas of the country. It is the northern regions of Russia that began to offer exclusive tourist routes, which, even with its high cost, have become attractive in the current conditions for the development of the global tourist market [8].

The market of tourist services in the Republic of Sakha (Yakutia) began to develop relatively recently, which is explained by geographical distance from the main tourist centers, along with underdeveloped transport infrastructure. In 2013, approximately 83 travel agencies operated in the republic, 4.8% of which worked as a tour operator, 54% - as travel agent, 6% combined both forms of activity, 34.9% of travel agencies were engaged in sightseeing activities. In 2013 the profit volume from paid tourism services marked a significant increase - 433.2 million rubles - growth by 60% in comparison to 2005. The average number of employees of tourist firms is 356 people, excluding external part-time employees and workers who have completed work under civil-law contracts [7].

The domestic tourism market in the republic is seasonal, with a peak in July and early August. This period is marked by the sharp sales growth of weekend programs in the vicinity of the city of Yakutsk, cruises along the Lena River, rafting along the rivers of the republic. The internal tourist market is represented by the republic's holiday-makers, mainly residents of cities. In recent years, there has been a trend of increasing demand for the tourism in the republic from Russian tourists represented by residents of large cities such as Moscow, St. Petersburg, Ekaterinburg, Novosibirsk, and others.

Today the Republic of Sakha attracts foreign tourists due to the novelty and exotic component of the proposed tourist product. However, the advertising and marketing component in the promotion of the tourist product is quite costly for the subjects of tourist activity and reduces the opportunities for large-scale positioning of the tourist potential of the republic.

For further development of tourism in the republic, four types of transport are of significant importance: aviation, automobile, railway, and water. The level of development of any of them is determined by the density of the network of routes, their quality, the level of rolling stock and the specifics of the transportation organization. In the total volume of passenger turnover on intercity carriage, air transport is more important (more than 90%), and with the introduction of the international airport and the development of international air routes, the importance of air transport is growing rapidly [2].

Consequently, it is relevant to study the existing resource potential of tourism for targeted investments in profitable projects aimed at stimulating the development of the tourism industry in the municipalities of the Republic of Sakha (Yakutia).

### **Analysis of the tourist potential of the Bulun region of the Republic of Sakha (Yakutia)**

The Arctic coast of the Republic of Sakha (Yakutia) has a special natural, climatic, historical, cultural and economic significance. When considering the features of the socio-economic development of the Arctic regions of the Republic of Sakha (Yakutia), there is a fairly strong differentiation between the regions. The Arctic regions of the republic such as Anabarsky, Allaikhovsky, Bulunsky, Nizhnekolymsky, Ust-Yansky are the main area of reindeer breeding, hunting, cell hunting and fishing. These regions are characterized by such features as selective involvement in exploitation of natural resources, focal distribution of production, presence of significant disproportions in the economy reducing the efficiency of production. For example, in Allaikhovsky and Nizhnekolymsky regions, traditional land use (reindeer breeding and fishing) prevail, the production is completely absent, which affects economic indicators [2].

One of the modern approaches to the development of the Arctic regions of the Republic of Sakha (Yakutia) is the effective use of tourist potential, which views their territory as a tourist space. These are territories with special natural and climatic and tourist-recreational resources. Different types of relationship form within its boundaries: economic and social relationships between economic entities, various population groups, authorities and tourists are formed in the use of tourist resources [1].

The Bulunsky region has a favorable geopolitical position from the perspective of the development of international relations and trade in the conditions of the

functioning of the Northern Sea Route (Tiksi seaport). Bulunsky region offers tourists a various set of activities : bird watching in the delta of the Lena river (89 species of birds), individual tours with helicopter casting, rafting on rivers, individual hunting tours, cruises, ethnographic tours. Sport-hunting and fishing tourism is offered by the National Tourist Company "Yakutia", by travel agencies "Arctic-Travel", "Satal". The opportunity to look at the northern lights is also a popular attraction among tourists. A promising type of tourism are cruise tours, carried out by ZAO "ALROSA Hotels". The program of the cruise on the ship "Mikhail Svetlov" along the route Yakutsk-Tiksi-Yakutsk (14 days / 13 nights) includes a visit to Kyusyur village and Tiksi village (Neelovo). The package for this cruise tour costs on average 80 000 rubles. The services package includes excursion service on all points of the route. According to the estimates of ZAO "ALROSA Hotels" if appropriate measures were to be taken, namely to create a tourism infrastructure and community redevelopment of Tiksi village, the annual tourist flow could reach a volume of up to 500 people during the navigation season of cruises [7; 8].

In the context of insufficient funds for the development of infrastructure in the Bulunsky region, natural conditions and resources can sustain the development of ecological, sports, ethnographic, scientific, cruise, cognitive, fishing and hunting tourism. The most informative indicator of the role of tourism in the economy of the village of Tiksi is the multiplier of tourist spending. As a factor of multiplication, we considered the costs of tourists in the village of Tiksi.

Table 1

Average consumer prices for tourist services in the village Tiksi of Bulunsky region (2015)

Types of expenses	Number of days of stay	Cost of services per day, rub.	Total, rub.
Transportation costs Yakutsk-Tiksi-Yakutsk			40000
Hotel accommodation	7	3000	21 000
Meal	7	350	2450
Food provision	7	500	3500
The cost of the excursion to the museum of the Arctic	1	200	200
The cost of the excursion to a private museum	1	200	200
Buying souvenirs of local producers			1000
Total			68350

Source: expert assessment of the author on the results of a scientific mission in the village. Tiksi, August 2015

According to the data in Table 1, the average cost of tourist services for unorganized tourists arriving in the Tiksi village for a 7 days stay accounts for 68.3 thousand rubles. The average amount of business trip expenses in the village Tiksi is calculated excluding leaving the village, since it's the beginning of the border zone of the Russian Federation, and for each trip outside the village it's necessary to obtain a permit. The average cost of a package tour for an organized tourist is 95 thousand

rubles. When offering a tourist product, tourist operators take into account expenses for individual tourist expenses (without the cost of air travel to Tiksi settlement), the expenses for equipment and group expenses (cargo delivery, machine operator's salary, instructor's services, cost of fuel and lubricants, depreciation of used vehicles, income tax and pension fee) [7].

The bulk of tourist expenses (58.5%) of a business tourist in the village Tiksi is made of transportation expenses, whereas for an organized tourist from Yakutsk the transportation costs account for 53%, followed by the expenses for tourist service provided by auxiliary personnel (machine operator, instructor, accompanying inspector) during the tour. A distinctive feature of developing tourist business in the Arctic is that 50-60% of the tourist's expenses cover the transportation services. It completely depends not even on the quality of the transport services provided, but on the price policy, the state of the material and technical base of the airlines in the republic. To address this issue and further develop the tourism, it is required (based on the example of Canadian experience) to ensure a strong state support and investment in the development of the Arctic transport system.

Despite the fact that tourism in the economy of the Bulunsky region does not have a significant role, the interest of the local administration in the development of tourism as a new source of income and the development of local entrepreneurship is gradually increasing. The research conducted by the author shows that small hotels accomodating unorganized tourists in the village are developing on a faster pace in the tourist market. The largest increase in household incomes is due to additional sales of services such as accommodation of tourists in individual accommodation facilities, in a residential fund during the summer period with a beginning of summer scientific research expeditions. Additional tourist support services (machine operators, instructors without appropriate permits) add up to increases of income. A part of the additional incomes received by the population goes to the purchase of household goods and services, and with the increase in sales volumes of local entrepreneurs, the volume of local goods turnover is growing [7].

In our opinion, one of the possible mechanisms for the development of tourism in the Bulunsky region is the use of market research to study the existing tourist attractors and development opportunities, enabling continuous monitoring, coordination of activities of all entities interested in tourism development in the reserve territory. Using the tools of territorial marketing allows to evaluate the development of tourism, making managerial decisions at each stage of development [6].

### **Prospects for the development of tourism**

In the Arctic regions of the Republic of Sakha (Yakutia), the development of tourism is mainly "informal" in nature, associated with undeveloped infrastructure, a shortage of qualified personnel, "inaction" of local governments. The development of the "informal" tourism sector in the Arctic regions of the Republic of Sakha (Yakutia) is determined by the lack of regulatory institutions, especially at the local level, as well as coordinated management of the economy of the North at the federal, regional and municipal levels [7].

To date, the inaccessibility of the territory, poorly developed road infrastructure and material and technical base hinder the development of tourism. The Arctic regions of the Republic of Sakha (Yakutia) are unique due to the existence of a

system of specially protected natural areas that cover the Arctic tourist area with a continuous zone. In this zones, special attention is paid to the inclusion of the regional system in existing Russian and international systems of protected areas. Coastal position along the Arctic Ocean during the development of the Northern Sea Route as an international transport artery in the Arctic can contribute to the rapid development of polar cruises, ecological and ethnographic tourism [2].

The development of a tourism development strategy provides the creation of a mechanism for the formation of a modern highly efficient and competitive tourist complex, which provides a significant contribution to the economy of the northern regions. When developing functional strategies for the development of the northern tourist complex, regions should identify the priority areas for investing organizational, material and financial resources:

- formation of a modern marketing strategy to promote the tourist product in the domestic and international markets;
- development of tourist infrastructure on the basis of creating conditions for attracting public and private investment;
- improving the system of regional management of tourism business;
- ensuring priority development of the tourism industry at the regional level by state authorities;
- creation of a system of training local staff.

The mechanism of interaction of state, regional, municipal structures with tourist enterprises is the most effective method of tourism management in the North. Network interrelationships of touristic companies with state authorities enable the improvement of the tourist firms performance by introducing scientific methods of planning, by forming an effective system of mutual relations of touristic companies belonging to the sector of small and medium business with state structures [5].

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### **Conclusion**

The author's analysis of the current situation and the main trends in the development of the Arctic regions of the Republic of Sakha (Yakutia) allowed to formulate the following directions for the development of tourism in the North:

- the necessary conditions for the development of tourism is to provide a scientific approach to assessing the resources and development potential of the territory on the basis of fieldwork research with a coordinated policy for conducting northern scientific research. Coordination of research organizations, institutions of academic science, higher educational institutions by federal organizations, which will reduce duplication of research, unify educational programs, improve the quality

of education, improve the information support system and scientific research;

- the creation of local government institutions reduces the economic and social risks of the development of the North, since it is the local population that has accumulated knowledge for centuries about the possibilities of exploitation of the resources on its territories;
- the main objective of tourism development in the Arctic regions of the Republic of Sakha (Yakutia) and throughout the country, according to the author, is the "legalization" of the existing informal tourism market through development of a local government, state support and a unified coordinating policy for tourism management based on fundamental scientific research;
- development of public-private partnership taking into account the interests of emerging new subjects of local self-government;
- tourism in the arctic regions of the Republic of Sakha (Yakutia) can be a process of new development of these territories with the concomitant development of new technologies, communications, infrastructure, with increased training of the local population, development of entrepreneurship and sustainable development.

In conclusion, we can say that the development of the tourist market in the North is becoming one of the new types of development and modernization of remote territories. This is determined by the fact that they allow to reduce the cost of public services for the population, to cut down the transaction costs, to facilitate the establishment of economic and social ties. This creates the "effect of a new resource", which is accessible to the northern territories and causes direct participation without intermediaries in regional and world markets. With the new development of the North, the regulatory role of institutions interested in the development of the territory is growing, especially local self-government. Economic development of the North becomes stable with simultaneous development of the territory and the preservation of traditional economy of indigenous peoples, and therefore, careful attitude to the environment [3]. As a result, the development of tourism as a type of service sector contributes to the new development of the territory - the growth of entrepreneurship, the emergence of new "businesses" and creates a so-called multiplicative effect.

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