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St. Petersburg Metropolitan Region: Problems of Planning Coordination and Spatial Development

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St. Petersburg Metropolitan Region: Problems of Planning Coordination and Spatial Development

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1. Introduction

Studying the processes of regionalization, urbanization and impact of large cities on the surrounding areas is one of the leading branches of modern regional economics. In the recent years, these topics have become increasingly relevant. Economic globalization, concentration of population and economic activity have greatly increased the economic significance of the major cities of the world or, to be more precise, metropolitan regions, since it is these entities rather than cities isolated from the surrounding area by administrative borders that should be considered in economic analysis. The conceptual framework has been enriched with such terms as "city-regions" and "functional regions". Current economic research pays much attention to the creation and development of large urbanized areas (metropolitan regions), polycentric urban development, e.g. in Europe [Kratke, 2001] and, in particular, a new role and positioning of capital cities in Central and Eastern Europe [Korcelli-Olejniczak, 2007; Traistaru, Nijkamp, Longhi, 2002]. One of the most important aspects of this topic is searching for the best approaches to coordinated management of metropolitan regions comprised of a number of municipal entities, in particular those located in several sub-national regions. Much attention is given to social, economic and environmental issues of interactions between the cities and adjacent suburban areas, and integrated approaches to planning balanced development of city-regions and especially metropolitan regions [Cities and Suburbs, 2000].

Worth mentioning are a few interesting papers on this topic. Knapp, W. and P. Schmitt [Knapp and Schmitt, 2003] studied the restructuring processes between competing regions in North-West Europe. They were focused on spatial, territorial and administrative aspects of the development of four metropolitan regions: London, Paris, Randstad and Rhine-Ruhr. The work was carried out as part of two research projects, URBANET and GEMACA.

A study undertaken in the period between 2005 and 2007 reviewed the experience of territorial cooperation and operation of eight European city-regions: Birmingham, Budapest, Cologne, Frankfurt on Main, Glasgow, Lille, Malmö and Milan [URBACT METROGOV, 2007]. The Centre for Urban and Regional Development Studies at Newcastle University studied the metropolitan region of London (metropolitan region definition for Greater London) [Coombes, Wymer, Raybould, 2008]. The resulting report was published in 2008 and presented to the

Greater London Authority . In Sweden the Royal Institute of Technology's Centre of Excellence for Science and Innovation Studies investigated preconditions and strategies for growth and development of metropolitan regions in the global economy [Klaesson, Johansson, Karlsson, 2011]. A number of papers discuss methodology for defining boundaries of metropolitan regions [Brezzi, Piacentini, Sanchez-Serra, 2011; Strange, 2009] and city-regions [Parr, 2005], and drivers of economic growth and development of cities [Storper, 2010].

Interest in studying the specifics of the development of metropolitan regions is quite natural. Throughout the recent decades, their influence on the surrounding areas, as well as on national and global economies, has been growing. The most successful metropolitan regions have gained positive experience of coordinated and balanced development which enables them to be highly competitive and attractive to investment. In the context of these trends, it is really interesting to investigate the situation developing in metropolitan regions in Russia. One of them is St.Petersburg metropolitan region. It is comprised of St.Petersburg and Leningrad Region which have multiple links between each other, including historical, cultural, social, demographic, economic, workforce, transport and administrative relationships . These links become stronger and develop regardless of the existing administrative boundaries. Thus, we can speak about the operation of a single region that performs a number of important functions, both internationally and nationally, and plays a very important role in the economy of Russia and North -East Europe (first of all, in the Baltic region). Nevertheless, there are a number of acute challenges in planning and managing the development of the region that hamper its balanced development and impair its global competitiveness.

2. Milestones of the history of relations between St.Petersburg and Leningrad Region

St.Petersburg and Leningrad Region are constituent entities of the Russian Federation and part of North-West Federal District. The area of St. Petersburg is 1.4 thousand km² and the resident population is 4,951.6 thousand people (as of January 1, 2012). The area of Leningrad Region is 83.9 thousand km² and the resident population is 1,730.2 thousand people (as of December 1, 2011) [Regions of Russia, 2012]. The area of the city is surrounded by the neighboring region from all sides, except for the coast of the Finnish Gulf.

The City and the Region are connected with each other by thousands of various relationships: historical, cultural, socio-demographic, economic, labor, transport and administrative. For a long period of time, the City and the Region were part of a single administrative-territorial entity and had common governance bodies that applied a common approach to their development. St.Petersburg was founded in 1703. In 1712-1918 (with a break in 1728-1732), it was the capital of Russia. The territory of Leningrad Region was part of Ingria

(subsequently St.Petersburg, Petrograd and Leningrad)¹ Province, which was established in December 1798 by the decree of Peter the Great for administrative-territorial division of Russia. Despite its capital status, St.Petersburg was part of the Province and was governed by the Governor (Governor General) together with its other territories on the basis of an agreed common approach. Leningrad Region was established on the basis of Leningrad Province in August 1927. It covered a much greater area than at present: Leningrad Region was formed of 5 provinces (Leningrad, Murmansk, Novgorod, Pskov and Cherepovets Provinces). The population was about 6.5 million people, including about 1.7 million people in Leningrad (as of January 1, 1928). Subsequently, the territorial composition of Leningrad Region underwent significant changes. In December 1931, Leningrad was separated from Leningrad Region to become an independent administrative-territorial entity with the status of a city of republican subordination. The modern boundaries of Leningrad Region were formed in November 1944 [St.Petersburg. 1703-2003, 2001, 2003].

The Party and Soviet authorities regarded Leningrad and Leningrad Region as a single area. In addition to centralized political control of the Leningrad Regional Communist Party Committee and the preparation and implementation of comprehensive plans for the development of the City and the Region, this approach was reflected in the preparation of a number of other joint documents. Worth a special mention here is the regional and sectoral program for the development of Leningrad regional national economic complex "Intensification - 90" adopted in 1985 and the Master Plan for the development of Leningrad and Leningrad Region for the period until 2005 (approved by the Decree of the Central Committee of the Communist Party and the Council of Ministers of the USSR dated December 05, 1987, No. 1387).

In the Soviet era, the City and the Region were complementary to each other. For the City, the Region served as a reserve for expansion, an important source of food supply and replenishment of human resources, a recreational area and a place for siting branches of a few large municipal enterprises. For the Region, the City performed educational, cultural, medical, commercial, and transport functions, was an important supplier of various industrial and consumer goods, and a place of employment of some of the residents.

In short, from the beginning of the 18th century and until 1991, the City and the Region (Province) represented a single integral socio-economic organism. All issues related to the socio-economic development of the City and the Region were solved based on an integrated approach that took into account the interests of both the City and regional (provincial) territories, as well as the country as a whole.

¹ Changes in the names of the Province were due to renaming St.Petersburg: into Petrograd in 1914, Leningrad in 1924, and St.Petersburg in 1991.

With the collapse of the Soviet Union in late 1991 and subsequent abolition of the Communist Party of the Soviet Union, the system that ensured consistent management of the development of the City and Region was destroyed. However, no other system was created that could be used to coordinate the development of the City and the Region. At present, St. Petersburg and Leningrad Region cooperate as neighbors in many areas of development. However, in the last two decades, issues between the City and the Region arise increasingly often, many of which cannot be solved on the basis of negotiations and agreed positions. Amazing, that up to now there were but very few studies done on the issues of St Petersburg metropolitan area economic and spatial development [Limonov, L.E. and Vakhrusheva, R.V., 2011; Lipefskaya, M.S., 2009; St.Petersburg Metropolitan Area, 2012].

3. Main problems in the relations between St.Petersburg and Leningrad Region

The main problems in the relations between St.Petersburg and Leningrad Region include the following.

First, increased competition for the basic resources of regional development. Investment is the main resource being competed for. In this respect, Leningrad Region is not much inferior to the City. Both regions are attractive for investment. However, Leningrad Region is better in attracting investment into fixed capital and has a higher level of direct foreign investment per capita (see table 1).

Table 1 – Selected indicators of investment activity in St.Petersburg (SPb) and Leningrad Region (LR)

Indicator, unit of measure	2000		2005		2010	
	SPb	LR	SPb	LR	SPb	LR
Investment in fixed capital per capita, thousand RUR	7.6	11.4	34.2	50.3	77.3	157.0
Foreign investment per capita, total, USD	246.0	181.9	309.4	213.6	1078.9	371.8
Including: Direct investment (FDI) per capita, USD	31.1	122.3	54.5	135.2	111.0	222.4

Source: Calculation based on data of statistical compilations — Regions of Russia. Socio-economic indicators. 2010 and Regions of Russia. Socio-economic indicators. 2011. [20; 21].

The success of Leningrad Region in investment is due to the implementation of a few large projects to build the Baltic Pipeline System, port facilities in Primorsk, Vysotsk and Ust-Luga, production facilities of Ford, Caterpillar, International Paper, Rockwool, Kraft Foods International, Nokian Tyres and Philip Morris. The implementation of these projects has enabled the Region to overrun St Petersburg in terms of investment per capita. It seems, that in the future Leningrad Region will continue to maintain high rates of attracting investment. Quite a number of new projects of national importance are planned to be implemented in the Region. For some

of them, work has already started. The leadership of St.Petersburg in attracting foreign investment is due to a high trade credit component in total figures of foreign investment.

Competition for human resources is equally harsh. Both regions have a negative natural population growth. Growth of the population is provided by a positive migration balance. As compared with Leningrad Region, St. Petersburg is a more attractive place to live. However, due to high cost of housing many migrants are forced to buy apartments and houses in the nearby localities of Leningrad Region. Moreover, there is an increasing trend of resettlement of residents of St.Petersburg to individual houses in Leningrad Region. Data about changes in the number of residents in St. Petersburg and Leningrad Region in 1989-2010 are shown in Table 2.

Table 2 – Population of St.Petersburg (SPb) and Leningrad Region (LR) according to the ce nsus

Indicator, unit of measure	1989		2002		2010	
	SPb	LR	SPb	LR	SPb	LR
Population, thousand people	4991	1654	4661	1670	4849	1713
Change in population, increase (+), decrease (-), %	-	-	- 6.6	+ 1.0	+ 4.0	+ 2.6

Source: Regions of Russia. Socio-economic indicators. 2011 [20].

The problem of competition for workforce has a tax aspect. According to expert estimates, 200 to 250 thousand residents of Leningrad Region come to St.Petersburg to work and study on a daily basis. According to the Russian taxation standards, individuals employed in the economy shall pay income tax at the place of employment, but not at the place of residence (registration). Therefore, income tax of some of the residents of Leningrad Region (those working in the City) is paid to the budget of St.Petersburg. The authorities of Leningrad Region are not comfortable with this situation and repeatedly proposed to change the procedure for charging income tax. Similar proposals are made by authorities of Moscow Region, where a few hundreds of thousands of residents work in Moscow.

In Russia, this problem is very relevant for the regions bordering cities of federal significance or other areas that face shortage of workplaces. Income tax is one of their main sources of revenues in regional budgets. For example, in St.Petersburg, about 36% of the revenue side of the budget is comprised of this tax. Given strong lobbying abilities of Moscow and St.Petersburg authorities, as well as objective technical difficulties of collecting income tax at the place of residence, the likelihood of changing the procedure of charging this tax is close to zero.

If we consider all types of resources for regional development, St. Petersburg has a good supply of capital, a strong industrial, scientific and innovative potential. On the contrary, Leningrad Region has many economically undeveloped areas and a higher unemployment rate. It has opportunities for building new energy infrastructure facilities, development of agriculture

and recreation areas, but also experiences an acute shortage of investment for leveling the development of all districts.

The second serious problem is associated with major imbalances in the development of the territories of the City and the Region. These imbalances are particularly notable when comparing the levels of landscaping, the condition of the housing stock, the provision of energy and transport infrastructures and other utilities in the neighboring (bordering) areas of St. Petersburg and Leningrad Region. It should be taken into account that in general, the level of development of St. Petersburg is much higher than that of Leningrad Region. St. Petersburg is significantly ahead of Leningrad Region in many socio-economic indicators. First of all, this concerns the parameters of the budget, household income, consumer market, community redevelopment, the condition of housing and utilities, social institutions, and transport, utility and energy infrastructure facilities.

For example, in 2009, GRP of St. Petersburg (per capita) was 1.23 times higher than that in Leningrad Region. In 2010, the difference in per capita values of the indicators was as follows: consolidated budget revenues: 1.74 times, retail turnover: 1.43 times, monetary household income: 1.68 times, average monthly salary: 1.31 times. Moreover, there is also in St. Petersburg a much higher amount of investment in fixed capital per unit of area than in Leningrad Region. In 2010, 267.9 million rubles per 1 km² of the area was invested in the City, and only 3.2 million rubles in the Region [Regions of Russia, 2011].

Comparison of indicators describing the execution of the consolidated budget (in general and by individual expenditure item) in St. Petersburg and Leningrad Region is given in Table 3.

Table 3 – Execution of consolidated budgets in St. Petersburg and Leningrad Region in 2010

Indicator, unit of measure	St. Petersburg	Leningrad Region
Consolidated budget expenditures, billion RUR	362.9	69.2
Expenditures per capita, thousand RUR	74.8	40.4
Including by sector: Housing and utilities, thousand RUR	13.2	5.5
Education, thousand RUR	13.5	9.7
Healthcare, physical culture and sport, thousand RUR	13.0	3.3
Social policy, thousand RUR	9.1	6.2

Source: Calculation based on data of the statistical compilation Regions of Russia. Socio-Economic Indicators. 2011 [20].

The huge scale of the labor market, shortage of workforce and high level of wages in St. Petersburg attract a large number of migrant workers. The needs of St. Petersburg for workers are partially catered for by push and pull migration from Leningrad Region. At the same time, in

the recent years, residential buildings have been mainly built in Leningrad Region near the borders with St. Petersburg. Migration from the main cities to suburban areas is a common trend for metropolitan regions and city-regions in many countries.

There is a serious imbalance between St.Petersburg and Leningrad Region in terms of professional education. According to figures for 2010/2011 academic year, the system of higher professional education of St. Petersburg was comprised of 99 higher education institutions, including 9 branches of higher education institutions from other cities, and the number of students was 429.9 thousand people. In Leningrad Region, there were only 3 higher education institutions and 32 branches of St.Petersburg-based higher education institutions, with the number of students being 16.6 thousand. The number of higher education students per 10 thousand people of the population in St.Petersburg was 889 people, and in Leningrad Region only 97 people. Leningrad Region only ranks 81st (among 83 Russian regions) in this indicator, and St. Petersburg ranks second after Moscow.

Disparities are smaller in the sphere of secondary professional education. In 2010/2011 academic year, St.Petersburg had 55 secondary professional education institutions (technical schools, colleges, etc.) with 64 thousand students. In Leningrad Region, the number of such educational institutions was 28 (including 3 branches), and the number of students was 11.1 thousand people. St.Petersburg had 130 students of secondary professional education institutions per 10 thousand people of the population, while Leningrad Region had 64 [Regions of Russia, 2011].

The percentage of enrollees to higher education institutions in St.Petersburg from Leningrad Region is on the average about 10% of the total number of students. Similar proportions exist in secondary professional education. Given the existing disparities, it seems to be reasonable to increase the number of higher education institutions in Leningrad Region. Some of them may be located autonomously and arranged similarly to some university centers in the U.S. or the UK. At the same time, the number of branches of St. Petersburg-based higher education institutions operating in the Region could be reduced. The quality of education in many of them is far from to be perfect.

The third problem lies in inconsistent administrative decisions and lack of systematic cooperation between government authorities and local self-governance bodies of St.Petersburg and Leningrad Region. This leads to considerable differences in administration of economic activities (pricing, taxation, urban development regulation , granting preferences, etc.) and approaches to the development of the utility, energy and transport infrastructures. For instance, there are considerable difficulties in building new terminal and warehousing infrastructure facilities. Possibilities for their development in St.Petersburg has almost exhausted due to the

shortage of vacant lands. The lack of a uniform policy on the regional level leads to inefficient siting of terminal and warehousing facilities, additional time expenditure and transportation costs. As a result, the transportation component in the cost of goods and services is higher, than it could be if planning were more efficient.

The lack of unity hinders growth of residential construction, development of the agrobusiness sector, construction of utility and energy facilities, maintaining the road network in good condition and building modern highways. In St. Petersburg, there is an acute shortage of vacant lands for residential and industrial construction. The City has serious environmental, territorial and other limitations for increasing the generating capacity in the energy sector and diversifying the resource base for the production of heat and electricity. St. Petersburg is an energy-deficient region, and Leningrad Region is an energy-surplus one. The situation in the energy sector is characterized by a lack of unity in strategic and operational management. This does not provide necessary conditions for attracting investment and reaching a balance between the economic interests of suppliers and consumers of electric power.

Residential construction in areas of Leningrad Region adjacent to the City can only be increased provided new buildings are connected to the municipal water supply and sewage systems. The potential of these areas is approximately 2 million square meters of housing per year. Currently the connection is not technically feasible. The City's infrastructure provision headworks and transport systems require further development before they can cater for the needs of the adjacent areas. These problems can be solved by developing and implementing a single investment program and setting uniform tariffs and connection charges.

In order for the suburban areas of St. Petersburg to be developed, it is necessary to deploy territorial resources of the adjacent suburban area of Leningrad Region. It will need to accommodate water supply and sewage facilities and optimize the routing of water mains and sewage collectors. The current condition of water supply and sewage systems in Leningrad Region is critical. There is an urgent need for taking steps to reconstruct networks and facilities using modern technology.

In turn, the current and future development of areas of St. Petersburg located near the administrative border affects different areas of life of Leningrad Region. The lack of opportunity for government authorities in both regions to participate in the approval and coordination of such projects can lead to negative consequences. Even today, being constrained by the current administrative boundaries prevents St. Petersburg from optimal siting of new energy sources projects to supply rapidly developing built-up areas along the Ring Road, for example, in the area of Kudrovo (on the border between the City and the Region), where energy facilities can only be built outside the city limits, on the lands of Leningrad Region, while investment is

mainly attracted in St.Petersburg. This creates artificial difficulties related to the allocation of lands for construction projects and the application of different regional laws to the approval and decision-making on the issue. Similar difficulties with the allocation of lands for construction of energy facilities required by the City exist nearly across the entire perimeter of the administrative boundary of St.Petersburg. All this hinders integration processes and slows down economic development of the neighboring regions.

The fourth problem in the relations between St.Petersburg and Leningrad Region is an environmental one. State environmental control and state environmental expert review are undertaken independently by executive authorities of St.Petersburg and Leningrad Region. The administrative boundaries prevent the creation of an effective environmental control system. For example, enterprises of St.Petersburg dispose of most of their wastes on the territory of Leningrad Region. Environmental inspectors of St. Petersburg can control movement of wastes only in St.Petersburg. The scope of powers of executive authorities of St.Petersburg and Leningrad Region includes state environmental review of project documentation for facilities, construction, reconstruction or major repairs of which are to be carried out on lands of specially protected natural areas of regional significance. But, for example, Gladyshevsky State Nature Reserve is located in two regions, which creates authority-related problems in organizing and conducting of state environmental review.

For St.Petersburg, it is highly important to take measures to ensure environmental safety of the water resources. The Neva River is a single source of drinking water in St.Petersburg. Research shows that in Leningrad Region, the pollution of the Neva River is the higher, the closer you get to the boundary with the City. St.Petersburg and Leningrad Region actively use the subsoil to extract groundwater. The lack of a consistent policy for the efficient use and protection of groundwater leads to the formation of piezometric cones. For example, a piezometric cone formed by active extraction of groundwater in Vsevolozhsk District of Leningrad Region poses a threat for drinking water supply to Kurortny District of St.Petersburg.

The suburban forest park area is highly important for the condition of the atmosphere in St.Petersburg. The total area of suburban forests is 141.7 thousand hectares, of which only 25.17 hectares are within the city limits of St.Petersburg. While the City is concerned about their protection, Leningrad Region is interested in intensive forest use and transferring them into other types of land. The challenge is to clarify the status and define the territory of the green zone for St.Petersburg. Economic and other activities that have a negative environmental impact should be prohibited within the limits of suburban forests. Therefore it is necessary to streamline the status of suburban forests and define their territory more precisely. Pending this, the suburban forests are being actively divided into plots that are leased or allocated for long-term use free of

charge. At present, the boundaries of the suburban forests of St.Petersburg are identified by forestry markers and shown in planning and cartographic materials (forest maps). Attempts to streamline these issues were not successful. In 2007, a draft federal law on the suburban area of St. Petersburg was developed. It provided for a special regime of land use, urban planning and environmental activities within a radius of about 50 km from the city boundaries. The provisions of the draft law imposed restrictions on the authorities of the Region with respect to autonomous disposal of a part of Leningrad Region. The priority was given to environmental goals. The proposed regime of use of the suburban area was aimed at minimizing the negative impact on the natural environment by limiting economic activities of the regional authorities. The intention of the draft law authors was to limit the regional authorities from using this area for the purpose of placing industrial production facilities, dumping waste of any type, cutting trees, developing mineral deposits, commercial harvesting of flowers, wild fruits, nuts, mushrooms and berries, hunting, mowing and even washing motor vehicles. At the same time, St.Petersburg would reserve the right to use the suburban area to place "facilities necessary for operation of St.Petersburg", such as utilities. The draft law was submitted to the Federal Assembly of Russia for consideration, whereupon a scandal erupted due to the negative reaction from the authorities of Leningrad Region. After that, the draft law was withdrawn.

The authorities of Leningrad Region are interested in further increasing the rates of expansion of economic activities on their lands near St.Petersburg. This interest is caused by a high commercial value of the lands located near the boundaries of St.Petersburg. Therefore, there have been, and may be, situations associated with attempts to place environmentally hazardous production facilities near the city boundaries, such as an aluminum smelter in Vsevolozhsk District or a plant to produce bar sections in Kirovsk District. There are certain problems due to the lack of agreed approaches to siting and operation of industrial enterprises, residential development areas, transport facilities and waste disposal facilities (landfills, dumps, waste recycling plants).

The fifth problem in the relations between St.Petersburg and Leningrad Region is related to recreational functions. It is caused by limited capabilities of St.Petersburg in providing outdoor recreation, health resort treatment and some kinds of sports for its almost 5 million population. Historically, Leningrad Region performs recreational functions for St.Petersburg, just like St.Petersburg performs educational, cultural, transportation, financial, banking and many other functions for Leningrad Region. However, the City and the Region have different approaches to performing these functions. The magnitude of the problem is evidenced by the following data. In the summer season (May-September), about 700 thousand residents of St.Petersburg live in Leningrad Region, and during summer holidays this number increases up to

1.5-2 million people. Citizens arriving for rest in gardening communities, villages and townships experience serious difficulties due to problems with the stability of electricity, underdeveloped road and transport infrastructure, lack of land improvement and organized waste disposal sites. The quality of recreation of children in suburban camps in Leningrad Region remains low due to poor utility services. Organization of passenger traffic between the constituent entities of the Federation is complicated by the need to demarcate the scope of application of legal acts adopted in St.Petersburg and Leningrad Region.

At the same time, residents of St.Petersburg present in Leningrad Region increase the load on the infrastructure (roads, power grids, etc.), on a number of government and municipal agencies (fire fighting service, police, hospitals, clinics, etc.) and natural environment (unauthorized dumps of domestic and construction waste, illegal cutting of trees, etc.). The City and the Region cannot agree on a reasonable compensation for the increase in such load during the summer season.

Another problem is the activation of individual residential construction in the areas of the Region adjacent to the City. In most cases, this housing serves for recreation. As a rule, citizens, who have an apartment in the city, build or buy the second home, an individual house in the suburbs of St.Petersburg. These houses are used for seasonal residence in the summer and on weekends and holidays.

The increase in the scale of individual low-rise residential construction is contributed by growth of household income, changes in the standards of consumption of housing services, vacation of large areas occupied by agricultural lands, and by the development of the road network. The problem is that construction is often carried out without an integrated approach. The scale of construction is several times faster than building facilities of the road network, retail, consumer services, education, healthcare, power supply, waste disposal, etc. Without consistency in approaches, these problems will be exacerbated, because the amount of individual residential construction will continue to grow. In this area, St. Petersburg region is about 10 years behind Moscow and Moscow Region, where the active implementation of projects for building suburban cottage communities began in the second half of the 1990s. Taking into account the experience of Moscow and cities in the developed countries of the world, new residential areas in the suburbs of St.Petersburg should be built simultaneously with the development of the transport, utilities, energy and social infrastructures, as well as with the creation of new jobs.

4. Common interests and background for increased cooperation and integration between St.Petersburg and Leningrad Region

St.Petersburg and Leningrad Region have a single economic system. The two regions have developed and have common markets of goods, services and labor, a common energy

system and common transport facilities. The leading enterprises are closely connected with each other, and a few sectors of the economy form and develop clusters (construction, agriculture, transport and logistics, and automotive industry). A number of large holding companies of national significance run businesses both in the City and the Region. An example of a holding company with successful operations both in St. Petersburg and Leningrad Region is LSR Group. It brings together companies in manufacturing of building materials, mining and processing of non-ore minerals, mechanized services, development and construction of buildings. In general, the construction sector in St. Petersburg and Leningrad Region has already formed and actively develops a cluster covering all stages from design, production and processing of raw materials to manufacturing and distribution of finished products.

St. Petersburg and Leningrad Region have a single transport hub, which is a critical link in the European and Russian transport corridors. The central combining elements of the hub are transportation routes, first of all the Ring Road and a network of transport, technology and terminal logistics facilities. St. Petersburg railway hub represents a single system of infrastructural and technological elements. Stations, depots, track facilities, rolling stock, traffic control system and other facilities are located both in St. Petersburg and Leningrad Region. Issues related to the development of railway infrastructure (relocation of freight stations and yards, increasing the capacity of highways) and of commuter rail transportation require a comprehensive solution for the hub as a whole and cannot be solved only within the boundaries of St. Petersburg or Leningrad Region.

Federal government agencies attach much importance to consistency in managing the transportation sector of St. Petersburg and Leningrad Region. In May 2008, the Ministry of Transport of Russia established a working group to develop St. Petersburg transport hub (in St. Petersburg and Leningrad Region). Decree of the Russian Government No. 241 dated April 04, 2011 established the Coordinating Council for the development of the transportation system in St. Petersburg and Leningrad Region. The Council is composed of heads of federal and regional executive government bodies for transport, heads of industry-specific research institutes, representatives of businesses operating in transport and also stakeholders from public organizations. The Council is headed by the Minister of Transport of the Russian Federation. The Council applies an integrated approach to the development and implementation of transport programs and most important projects. One of its main tasks is to link promising transport projects with current federal, municipal and regional programs and activities.

St. Petersburg monocentric metropolitan area includes some areas of Leningrad Region, namely parts of Vsevolozhsk, Vyborg, Gatchina, Kirovsk, Lomonosov and Tosno Districts adjacent to the city. St. Petersburg metropolitan area is the second largest in Russia after Moscow.

St.Petersburg puts into the orbit of its development areas located within a radius of about 50-60 km from its administrative boundaries. The average value of transport accessibility from the extreme points of the outer boundary of the metropolitan area to its central core is about 1.5 hours. In addition to the central core, the metropolitan area includes a number of other lands with inhabited localities and inter-settlement territories. Some of them belong to St.Petersburg, others - to Leningrad Region. The most important towns of St Petersburg Metropolitan Area are: Kolpino (138 thousand inhabitants), Gatchina (92.8 thousand inhabitants), Pushkin (92.7 thousand inhabitants), Peterhof (73.2 thousand inhabitants), Vsevolozhsk (60.0 thousand inhabitants), Sertolovo (47.9 thousand inhabitants), Krasnoye Selo (44.5 thousand inhabitants), Kronstadt (43 thousand inhabitants), Lomonosov (43 thousand inhabitants), Tosno (39.1 thousand inhabitants) and Sestroretsk (36.7 thousand inhabitants). [Preliminary Results of the 2010 National Census, 2011]

According to expert estimates, the total area of the metropolitan area is about 10.8 thousand square km, including 9.3 thousand square km in Leningrad Region, and the resident population is 5.3 million people. Apart from the territorial and transport aspects in determining the boundaries of St.Petersburg metropolitan area, we have to take into account the intensity of relationships between its inhabitants, enterprises and organizations. In this connection, when studying agglomeration processes, special attention should be paid to the integrity of the living environment and the unity of the social space. As rightly pointed a well-known Russian geographer L.V. Smirnyagin, "... practical life of a citizen in a developed western country is no longer geographically locked into an administrative cell, but into an area of influence of a large metropolitan area where he/she lives" [Smirnyagin, L.V., 2009].

Within the metropolitan area there are very close and intensive economic, labor, transport, scientific, educational, cultural, social and other relations. Transport relations within the metropolitan area are provided by suburban electric trains, suburban buses and route taxis. Despite the differences in management of the regions, even today the public and business community regard the metropolitan area as a single territory, both in terms of job opportunities and economic development. A great impetus to the development of the metropolitan area was given by the construction of the Ring Road, the establishment of modern enterprises in industrial zones (Gorelovo, Kirpichny Zavod, etc.) and formation of new commercial and business areas (MEGA-Dybenko and MEGA-Parnas) near the administrative boundary of St Petersburg.

Large investment projects also require more coordination of joint efforts of both regions. These projects include: the construction of port facilities, the second ring road, waste treatment plants, the creation of a new passenger terminal and expansion of the Pulkovo airport, the development of the Volga-Baltic Waterway and St. Petersburg railway hub, the formation of

public, business and residential zone Kudrovo near the administrative boundary of St Petersburg, the expansion of industrial and warehousing facilities, integrated environmental activities, etc.

Industrial, social, business and recreational areas in Leningrad Region that have been formed and operate near the border with the city (Gorelovo, Kirpichny Zavod, MEGA-Dybenko, etc.) have a certain impact on the urban infrastructure, labor market and other resource parameters of St.Petersburg. For example, Gorelovo industrial zone, which is adjacent to the boundaries of the City, accommodates several large enterprises. In turn, the current and future development of areas in St.Petersburg that are close to the administrative boundary affect different areas of life of Leningrad Region.

Residents consider St.Petersburg and the adjacent part of Leningrad Region as a single area of life. This territory features mass push and pull migration and interactions in many areas. Mutual interests force the authorities of the City and the Region to agree on various aspects of cooperation. The most significant results of the interaction between St.Petersburg and Leningrad Region include the Agreement on Cooperation and Mutual Assistance in Commercial, Economic, Scientific, Technical, Cultural and Social Areas of Life signed by the Governors of the regions on April 19, 2005. The document was signed at a joint meeting between the City and Region administrations. The meeting discussed waste disposal, unauthorized dumping and operation of gardening communities. Special attention was paid to the situation at the toxic waste landfill Krasny Bor. Following the meeting, it was decided to create a common coordinating council to address the problems of waste disposal and recycling. The future showed that the City and the Region failed to reach any significant result of interaction.

Worth mentioning among specific positive results of cooperation is making agreements for passenger transport. For example, two such agreements were made in 2009. One of them was signed by the Governors of the regions and covered the transportation of residents of St.Petersburg and Leningrad Region by public passenger transport. Another agreement regarding the organization and implementation of regular transportation of passengers by public road transport on the routes going through St.Petersburg and Leningrad Region was signed by Chairmen of the regional and municipal Transport Committees on December 24, 2009. A Transport Agreement between the regions is usually concluded annually.

In March 2010, an agreement was made to organize regular passenger transportation in the suburban areas. It is aimed at providing interaction between the Transport Committees of the City and the Region, primarily with respect to creating new regular bus routes. Passports of routes must be agreed by regional and municipal agencies. The agreement defined the parameters of commuter routes, which amounted to 5.8 thousand km in length, of which 3 thousand km are under the supervision of the regional Transport Committee, and 2.8 thousand

km are supervised by the City. To implement the agreement, it was intended to use 1,044 vehicles, including 744 from the Region and 300 from the City, with the City authorities acting as a customer of routes to be used by gardeners.

In summer 2010, the Governors of St.Petersburg and Leningrad Region signed an addendum to the agreement to clarify the boundary between the two regions. Under this document, St.Petersburg received an area of 24.7 hectares in Lomonosov District of Leningrad Region adjacent to Krasnoselskoye highway on the border with Krasnoselsky and Moskovsky Districts of St.Petersburg. This decision helped to settle the situation with registration of individuals buying or receiving housing in the new quarter Dudergofskaya Line – 2 and 3, near Gorelovo on the border between the City and the Region. Residential construction in this quarter is financed from the budget of St.Petersburg and buildings are connected to the municipal utilities. Some of the apartments are allocated to persons on the housing waiting list and individuals entitled to benefits. The first owners and tenants were registered in St.Petersburg, but then the registration was suspended pending clarification with respect to the region to which the area under the new residential buildings belongs.

In this situation, the Governor of Leningrad Region proposed the administration of St.Petersburg to clarify the boundaries between the two regions in the area of Gorelovo village in Lomonosov District. Proposals regarding clarification of the boundaries and subsequent transfer of the area of mass residential construction in the area of Gorelovo to the City were submitted to the Governor of St.Petersburg. As a result of joint work on this question, the authorities of St.Petersburg and Leningrad Region have prepared and agreed a package of documents which laid the basis for an agreement signed by the Governors of the regions.

St Petersburg and Leningrad Region are even now represented by a number of federal agencies operating both for the City and the Region. These include: the Main Directorate of Internal Affairs (Police), territorial authorities of the Federal Security Service, the Federal State Statistics Service, the Federal Migration Service and others. In their activities, these agencies treat the City and the Region as a single entity of control and have a positive experience of regulation based on consistent approaches.

For example, the territorial authority of the Federal State Statistics Service for St.Petersburg and Leningrad Region does not divide statistics on agricultural sector between the two regions. Accounting for performance of agricultural organizations is maintained on a consolidated basis and reflected in the statistics for Leningrad Region. The area of responsibility of the Administration of the Sea Port "Big Port of St.Petersburg" covers port facilities located both in the City and the Region (the ports of Primorsk, Ust-Luga, Vyborg and Vysotsk).

5. Main areas of improving efficiency of interaction between St.Petersburg and Leningrad Region at the present stage: conclusions and recommendations

Challenges of promoting interactions and enhancing integration processes between St.Petersburg and Leningrad Region can be addressed on a step-by-step basis. It is necessary to establish joint boards, working groups and commissions to treat jointly some specific problems and areas of competence, and also joint government and administration bodies in the long run. It is advisable to organize cooperative development of planning and policy documents. Such documents may both address common issues, such as the development of St.Petersburg metropolitan area, and industry-specific problems, such as waste disposal, the development of suburban areas, gardening communities, schemes of housing construction allocation, etc. Special attention should be paid to improving the legal framework to define the procedure for reaching agreement on common issues, and also to the establishment of joint profit and non-profit organizations.

At the same time, the integration process should not be accelerated artificially. St.Petersburg and Leningrad Region are not yet ready for the integration into a single constituent entity of the Russian Federation. Given the need for reaching agreement on a large number of issues and preparing rationale, integration efforts may take a few years, even provided there is mutual agreement between the regions, firm support from the federal center and positive opinion of the majority of residents, which is hardly possible.

It seems that St.Petersburg and Leningrad Region could adopt certain elements from foreign experience, such as a consistent approach to addressing the development of a part of a metropolitan area that has no formal status of an administrative entity. European experience shows that planning has long outreached the limits of administrative-territorial entities. It is necessary to consider the joint preparation of general plans and programs for the development of the metropolitan area and solve certain issues of mutual interest (forest preservation in the suburban areas, waste disposal, operation of gardening communities, etc.).

The problem of gradual exhaustion of territorial resources for the development of St.Petersburg (which is already faced by Moscow) can be initially solved not by a long and complex process of integration with Leningrad Region, but by annexation to St.Petersburg of separate areas of the neighboring region that are part of St.Petersburg metropolitan area. Unlike Moscow, St.Petersburg still has some territorial reserves for the development. But the shortage of vacant lands is already being felt, as evidenced by the ongoing and planned urban land reclamation projects in the Gulf of Finland. In this regard, parts of Vsevolozhsk, Gatchina, Kirovsk, Lomonosov and Tosno Districts adjacent to the city could be in the future annexed to

St.Petersburg upon agreement with Leningrad Region on the basis of support from the federal center. Certainly, Leningrad Region should be compensated for this.

A rationale for this decision may lie, for example, in the lack of resources for the implementation of some federal functions by the City, the need for environmental improvement or expansion of residential construction. According to the Charter of Leningrad Region, its boundaries may not be changed without consent of the population to be given through a referendum. The boundaries between Leningrad Region and other constituent entities of the Russian Federation may be changed by mutual agreement based on the results of relevant referenda. An agreement to change the boundaries of Leningrad Region should be approved by a decree of the Legislative Assembly of Leningrad Region and submitted to the Federation Council of the Federal Assembly for approval in accordance with federal law.

A number of issues of interaction between St.Petersburg and Leningrad Region can be solved by amending and supplementing the existing federal legislation. It is advisable to make a legislative initiative to streamline the issues of development of suburban areas of cities of federal significance, and subsequently of all major cities of Russia (with population over 1 million people). It is necessary to establish legal norms to introduce a mandatory procedure for cooperative development and approval by regional government authorities and local self-governance bodies of documents for urban development and socio-economic planning for the development of suburban areas.

Making and implementing decisions in a consistent manner will meet the interests of the public and business community. At first this process could be coordinated by the existing governance agencies, such as offices of the Plenipotentiaries of the President of Russia in federal districts, associations for economic cooperation between regions, territorial subdivisions of federal ministries and agencies. Given the Russian traditions of state and municipal governance, a statutory model for organization and implementation of interregional and intermunicipal cooperation (based on requirements of legislation or decisions of federal authorities) is more appropriate for this country than an incentive-based one. This would help render cooperation between St.Petersburg and Leningrad Region deeper and more diversified.

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