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INFLUENTIAL PROCESSES OF IMPORT SUBSTITUTION ON THE POTENTIAL OF FOOD SECURITY IN THE MODERN RUSSIAN ECONOMY

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ABSTRACT

The article is devoted to the analysis of ideas about the content and processes of import substitution and forms of implementation in the field of food security in the modern Russian economy. Import substitution is simultaneously defined as a long-term development strategy of the state, as a system of measures of state regulation and as a set of processes in individual sectors of the economy aimed at improving the level and quality of life of the population. The role of import substitution processes in the formation of effective demand and neutralizing threats to food security is revealed. Based on the analysis of the interim results of the implementation of federal programs to stimulate the processes of import substitution for the period 2014-2017, the conclusion is made about the decrease in the level of import dependence in the food market for the main groups of goods. Negative trends in the studied sector of the economy were identified, the reasons for their implementation were formulated, directions for improving control measures were proposed, the implementation of which implies the need to improve the quality of food products and the level of competitiveness of their producers in the external and internal markets. The analysis of the dynamics of the integral level of food dependence of the Russian Federation is presented and the conclusion is made about the positive impact on the dynamics of its indicators of measures implemented within the framework of the import substitution program. The necessity of the implementation of import substitution measures in conjunction with measures to stimulate the process and product innovations, as well as taking into account industry and regional peculiarities of producers has been substantiated.

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1. INTRODUCTION

The imposition of sanctions restrictions (Namyatova, 2019) by a number of foreign countries with respect to the Russian Federation (RF) in 2014 and the subsequent period led to the imposition of a food embargo as a response, as well as to the expansion of factors of progressive macroeconomic dynamics by including in its composition tools of import substitution. Further strengthening of macroeconomic instability and increasing threats to the national security of the Russian state have predetermined the need to ensure the availability of domestic food products based on the sustainable development of agriculture and food industry, while respecting the principles of fair and free competition stipulated by the agreements of the World Trade Organization and the Customs Union. To solve the problem of replacing imported products by domestic manufacturers of imported products on the food market, the Government of the Russian Federation developed and adopted an Action Plan (“road map”), which provided for a set of measures aimed at developing import substitution processes in the agro-industrial complex (AIC) (Order of the Government of the Russian Federation of October 2, 2014).

As a result of the implementation of control measures, an increase in the production of agricultural products, raw materials and food is foreseen by 2020, which will reduce the share of imported meat in the Russian food market from 21.6 to 7.7%, milk and dairy products from 23.6 to 16.6%, vegetables - from 14.6 to 10.1% (Order of the Government of the Russian Federation of October 2, 2014). The implementation of import substitution processes is not only aimed at solving the problem of consumer food security of Russian production, which is a prerequisite for a steady increase in the level and quality of life of the population, but also a prerequisite for neutralizing threats to the country's food security, as well as generating effective demand as a factor of progressive macroeconomic dynamics. The growth of investment in the development of the food industry provides for the creation of new jobs, which takes on particular importance for regions characterized by a relatively high birth rate, an excess of the supply of labor over its demand and having agrarian and agrarian-industrial specialization. At the same time, it should be recognized that in some cases the implementation of import substitution processes leads to contradictory results, manifested in an increase in the monopolization of individual markets and in the growth of prices for food products, in preference to searching for new foreign suppliers to real processes of modernization and restructuring of real production. In this regard, there is a need for a comprehensive study of the essence of import substitution processes and the specifics of their implementation in the food and processing industry, justifying the need for measures aimed at increasing the level of consumer supply with products of domestic producers, identifying the advantages and disadvantages of import-substituting measures to neutralize the latter. This determined the choice of the research topic, its theoretical and practical significance.

2. METHOD

The theoretical basis of the study is made up of the provisions of various economic schools and trends, including theories of state regulation of the economy, theories of industry markets, theories of import substitution, the theory of world trade, etc. The implementation of the research objectives predetermined the use of general scientific and special research methods, the combination of which allowed an objective and reliable analysis of statistical and factual data and formulate

recommendations aimed at improving the provision of the population of domestic food products. The information base of the study consists of information from official bodies of state statistics of the Russian Federation and foreign countries, the Ministry of Economic Development of the Russian Federation, the Ministry of Industry and Trade of the Russian Federation, the Ministry of Agriculture of the Russian Federation, etc. The work uses the provisions of the order of the Government of the Russian Federation of October 2, 2014 No. 1948-r “ On approval of the action plan (“road map”) to promote import substitution in agriculture for 2014-2015 ” (Order of the Government of the Russian Federation of October 2, 2014), Decrees of the Government of the Russian Federation of 04.08.2015 No. 785 “On the Government Commission on Import Substitution” (Decree of the Government of the Russian Federation of 04.08.2015); Decrees of the Government of the Russian Federation of July 14, 2012 No. 717 “On the State Program for the Development of Agriculture and Regulation of Agricultural Products, Raw Materials and Food Markets” changes on February 8, 2019) and others (Resolution of the Government of the Russian Federation dated July 14, 2012).

3. RESULT AND DISCUSSION

Analysis of the scientific literature devoted to the problems of the food industry development shows that some of its aspects are reflected in the works of Andryushchenko et al. (2018) (features of the development of the food industry in Russian regions with unfavorable conditions for farming), Vorozhbit (2007) (factors of competitiveness of individual sectors of the food industry), Goncharova (2001) (features of the use of marketing tools to promote food products and the use of management innovations), Vasilyeva & Sukhorukov (2012) (features of the food industry in the context of globalization), Deniskina (1993) (issues of forecasting indicators of the food industry development), Zavorotina (2015) (study of the characteristics of the food industry development in relation to agriculture), Kayshev (2008) (problems of competitiveness of food products on the foreign market) N.A. Kireeva (2012) (theory and methodology of forming an effective system for regulating the food market), Kuzmicheva (2010) (tools food safety management Russian), Latkin (2003) (problems of state regulation of certain sectors of the food industry), Goncharov & Rau (2007) (problems and trends of structural transformations), Seregina (2012) (issues of structural transformation of the food industry), Khramova & Verhaym (1997) Khramovoy (restructuring of the food complex) and others.

The processes of import substitution have traditionally been the object of study by representatives of various economic schools and trends. However, the development of policy documents aimed at increasing the level of provision of the population with domestically produced food products under the conditions of application of sanctions restrictions has led to the need to develop theoretical and methodological approaches to the essence and mechanism of import substitution implementation. Moreover, there is no single interpretation of this categorical construction, which is interpreted as a strategy (Raizberg et al., 2007;), as “the process of increasing production, consumption and export of national goods while reducing the share of imports due to the increased competitiveness of domestic goods” (Lukyanchuk, 2019), as “a policy of optimizing the share of imports by stimulating domestic producers and reducing imports with the help of protectionist tools ” (Lukyanchuk, 2019) and others.

The beginning of the formation of the theory of import substitution was laid down in the works of

representatives of mercantilism who substantiated the thesis about the need to apply protectionist policies. Separate instruments for regulating foreign trade have been investigated in the works of foreign authors — Krugman et al. (2010), Kee et al. (2013), Leontiev (1954), and others. A significant part of researchers (CEPR, 2009) considers the processes of import substitution in conjunction with the problems of economic growth, to stimulate which, in accordance with the position of D. Itwell it is necessary to change the trade balance by increasing exports or limiting imports (Eatwell, 2005). In our opinion, the confirmation of the working hypothesis of the study suggests the interpretation of import substitution not as a response to an increase in the level of risks in the foreign economic sphere, but as a need determined by the long-term development trends of the world global economy (Kudrov, 2016).

The lack of a holistic concept of import substitution, recognition of the importance of its provisions for raising the level of food supply of the population, shaping the trajectory of sustainable development of the Russian economy and neutralizing threats to food security necessitate the further development of theoretical and methodological approaches to interpreting the content of import-substituting measures and the algorithm for their implementation within individual sectors of the domestic industry.

4. POLICY DEVELOPMENT

As part of this study, import substitution is considered as a long-term strategy for the development of the national economy and its individual sectors, aimed at increasing the level of food supply of domestically produced foodstuffs that meet the standards and requirements of healthy nutrition standards, increasing the competitiveness of producers in the domestic and foreign markets, and preventing food threats security. At the same time, import substitution is interpreted as a process of re-industrialization of agriculture and food industry, as well as related and auxiliary activities aimed at diversifying the single-industry economy and replacing imported food products with high-quality products of domestic producers based on the implementation of targeted and sectoral government programs, which is a necessary condition for reducing the risks of sustainable development of the national economy and the economy of individual subjects of the Russian Federation. At the same time, import substitution is defined as the long-term policy of the Russian state, as a set of measures aimed at directing the government's influence on producers and suppliers of food products, aimed at increasing public and private investments, transforming sectoral, regional and reproduction proportions, introducing process and product innovation, which provides an increase in the level and quality of life of the population. If in the period up to 2014-2015. only individual tools to overcome dependence on food imports (tariff and non-tariff methods of foreign trade regulation, etc.) were used, then a comprehensive import substitution strategy is being implemented, the choice of which was due to the rather high level of import dependence of the Russian domestic market at the beginning of the XXI century. The effectiveness of the implementation of control measures in the period from 2013 to 2017. reflects the dynamics of the indicator of the level of food dependence of Russia for individual food groups, which is defined as the ratio of imported and own food (Table 1).

Table 1. The level of food dependence of Russia for individual food groups (Shagaida et al., 2018).

The groups of products	Years				
	2013	2014	2015	2016	2017
Grain, million tons: production	92,4	105,3	104,8	120,7	135,4
import	1,5	0,9	0,8	1	0,7
share of import to production,%	1,6	0,9	0,8	0,8	0,5
Meat and meat products, mln. Tons: production	8,5	9,1	9,6	9,9	10,3
import	2,5	2,0	1,4	1,2	1,1
share of import to production,%	29,0	21,5	14,2	12,6	10,7
Milk and dairy products, mln. tons: production	30,5	30,8	30,8	30,8	30,1
import	9,4	9,2	7,9	7,5	7,1
share of import to production,%	30,9	29,7	25,7	24,5	23,6
Eggs and egg products, billion pieces: production	41,3	41,9	42,6	43,6	44,8
import	1,2	1,2	1,2	1,2	1,2
share of import to production,%	2,9	3,0	2,9	2,8	2,7
Potatoes, million tons: production	30,2	31,5	33,6	31,1	21,8
import	0,8	1,0	0,9	0,7	1,5
share of import to production,%	2,5	3,3	2,8	2,4	6,9
Vegetables and melons, mln. tons: production	16,1	16,9	17,8	18,0	15,4
import	2,8	2,9	2,6	2,3	2,7
share of import to production,%	17,5	17,3	14,8	12,9	17,5
Fruits and berries, million tons: production	3,4	3,5	3,4	3,9	3,2
import	7,2	6,7	6,5	6,5	6,7
share of import to production,%	213,0	189,5	192,7	168,7	209,4

At the same time, the integral indicator of import dependence, which is the ratio of the import-export balance of agricultural products and foodstuffs to the population's expenditures on food, in the period from 2014 to 2017. significantly decreased (in 2013, it was 11.1%, and by 2017 it decreased to 4.5%) (Table 2).

Table 2. Integral level of food addiction (Shagaida et al., 2018).

Years	Export of food products and agricultural raw materials		Imports of food products and agricultural raw materials		Average annual exchange rate	The balance of imports and exports,	Consumer spending on food,	The general level of food addiction, percentage
	Millions of US dollars							
2013	16228	516	43165	1373	31,8	857	7741	11,1
2014	18981	721	39905	1516	38,0	795	8486	9,4
2015	16209	984	26584	1614	60,7	630	9596	6,6
2016	17075	1142	25072	1675	66,9	535	10540	5,1
2017	20699	1207	28924	1687	58,3	480	10606	4,5

According to official statistics, by the beginning of 2018, domestic producers managed to replace part of imported products, which was reflected in a decrease in its consumption. The exception was beef, fruit, cheese, and cheese products.

Analysis of the provisions of the policy documents aimed at the implementation of the import substitution strategy in the field of food production (Plan of measures (“road map”) to promote import substitution in agriculture for 2014-2015, The State Program for the Development of Agriculture and Regulation of Agricultural Products, Raw Materials and Food Markets, etc.) shows that the measures envisaged by them are comprehensive and, along with the use of subsidies to agricultural producers to compensate interest payments on loans and transition to project financing of

investment projects, they include measures aimed at improving food security in Russia and the development of multi-format trade, etc. At the same time, there are negative results of the implementation of the targeted installations of these programs, which consist of maintaining Russia's dependence on imports of equipment and spare parts for the production of agricultural equipment, a slight decrease in the consumption of basic foodstuffs in 2014-2015. due to the fall in real incomes of the population, which resulted in a fall in total expenditures, a change in the supply structure in favor of cheaper food products, low efficiency of support for small and medium-sized businesses. In this regard, it seems necessary to constantly adjust the content of activities within the framework of the implementation of the import substitution program in the field of the food supply. Taking into account changes in market conditions in the domestic and foreign markets, the content of foreign economic sanctions and counter-sanctions actions, industry-specific features — all of this allows the government to increase the effectiveness of regulatory measures and reduce threats to the food security of the state.

5. CONCLUSION

The analysis of indicators of the dynamics of the food supply of the population with the relevant standards and requirements of healthy nutrition shows that in the period from 2013-2014. as a result of the implementation of program activities in the framework of the implementation of the strategy of import substitution, a decrease in the level of import dependence has occurred, which makes it possible to conclude a number of tasks of state programs. At the same time, import dependence on the group of dairy products, for which substitution seems possible, and fruits, for which partial import substitution is possible, is preserved.

The special role of agriculture and food industry in the structure of economic activities is due to their high importance in the production of social value, as well as in ensuring the independence of the national economy from the state of environmental factors, which are sanctions restrictions and pricing on world food markets. In this regard, it should be recognized that the import substitution tools can be used in the implementation of measures of state regulation of the economy, regardless of short-term development objectives. In the long run, import substitution is transformed into a neo-industrialization strategy of the national economy, taking into account its spatial organization, which is focused on increasing the level of competitiveness of its producers in the external and internal markets, as well as on the accumulation and effective realization of human potential. The high level of regional diversification requires the adaptation of tools and processes of import substitution to the mesoeconomics level, taking into account the absolute and relative advantages of the subjects of the Russian Federation. At the same time, the composition of import substitution instruments should be taken into account when developing comprehensive and targeted government programs, which should be adopted taking into account their interconnection and role in ensuring the food security of the state as a whole and individual regions.

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