

SCTMG 2020**International Scientific Conference «Social and Cultural Transformations in the Context of Modern Globalism»****REGIONAL IMPORT SUBSTITUTION PROGRAMS IN AGRICULTURAL SECTOR IN THE CONDITIONS OF SANCTIONS**

Tsathlanova Tamara Tavinovna (a)* Belkina Elena Nikolaevna (b),
Namysov Savr Viktorovich (c), Burkutbaeva Namina Aleksandrovna (d),
Erenzhenova Danara Badmaevna (e)
*Corresponding author

- (a) Kalmyk State University n.a. B.B. Gorodovikov, 11, Pushkin st., Elista, Russia, tsatkhanovat@mail.ru
(b) Kalmyk State University n.a. B.B. Gorodovikov, 11, Pushkin st., Elista, Russia, enbelkina@list.ru
(c) Kalmyk State University n.a. B.B. Gorodovikov, 11, Pushkin st., Elista, Russia, snamysov@bk.ru
(d) Kalmyk State University n.a. B.B. Gorodovikov, 11, Pushkin st., Elista, Russia, ksukafedra14@mail.ru
(e) Kalmyk State University n.a. B.B. Gorodovikov, 11, Pushkin st., Elista, Russia, uralan-danara@yandex.ru

Abstract

The article studies the features of regional import substitution programs in the agricultural sector based on strategic priorities of the national development. Currently, Russia is experiencing geopolitical and geo-economic instability. Given increased import duties and sanctions imposed by the Western countries, the problem of import substitution has become urgent for the development of the national economy. Import substitution is designed to ensure economic security and is an important factor of sustainable development of regions. The article analyzes economic indicators of agriculture, reflecting the impact of import substitution on the regional development. The objectives of the study are to justify the need for import substitution in agriculture, identify factors influencing the choice of import substitution programs; describe problems of the effective implementation of import substitution programs and describe possible solutions. The sectoral focus of implementation of such programs is analyzed, measures of regional import substitution plans are investigated, and mechanisms for their implementation are identified on the examples of the Southern Federal District. Statistical analysis, modeling of socio-economic processes, systemic and situational approaches were used as research methods. The positive impact of import substitution on the regional economy was identified, promising areas for improving the effectiveness of existing import substitution programs were described.

2357-1330 © 2020 Published by European Publisher.

Keywords: Agricultural industry, import substitution, region, sanctions, agriculture.



This is an Open Access article distributed under the terms of the Creative Commons Attribution-Noncommercial 4.0 Unported License, permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

1. Introduction

Import substitution is one of the most important strategic directions for the development of the national economy. Being implemented since the mid-1990s, import substitution has become feasible only in favorable conditions. Its vital importance is due to sanctions and a social order of society, which perceives the current political situation as a real chance for the national economy. In other words, urgent measures are needed.

The import substitution strategy is being implemented under the lack of a single managed production and economic system, and its main burden falls on the administrative and coordinating structures of the regions. Therefore, its success is determined by activities of the regions implementing relevant measures.

The plans and programs for import substitution are approved by regional regulatory acts aimed at reducing the dependence of the territory on imports by satisfying the demand with domestic high-quality products; increasing the competitiveness of goods and creating conditions for the accelerated development of business entities engaged in the production of import-substituting products, providing employment, creating new jobs, increasing budget revenues and changing the regional market structure with an increase in the share of products manufactured by local producers.

Different levels of development and regional potential require a diversified approach to import substitution policies. It is necessary to implement two import substitution scenarios: accelerated one for the most developed regions and ordinary one for the less developed regions.

Import substitution can expand the market. Each region is implementing its own regional import substitution strategy given its competitive advantages and financial resources.

2. Problem Statement

The threat to the economic and food security of the Russian Federation as a result of sanctions has become an incentive for the transition to an import substitution policy in various sectors, including agriculture.

3. Research Questions

The article aims to describe import substitution program implementation problems and find solutions.

4. Purpose of the Study

The aim of the study is to identify factors influencing the choice of an import substitution program, characterize problems of effective implementation of import substitution programs and describe possible solutions.

5. Research Methods

The following methods were used: statistical analysis, modeling of socio-economic processes, systemic and situational approaches.

6. Findings

The production expansion process can be assessed only by analyzing its dynamics. The most developed regions that implement an accelerated model of import substitution are federal districts with the highest share of production growth (Lipnitsky, 2014) All Russian regions have shown a steady increase. The largest increase in the percentage ratio in 2013–2017 was observed in the Southern Federal District – production increased by more than 75 % (Kholodkovskaya, 2017). The Far Eastern Federal District also achieved significant results – an increase was 73.9 %. The success of one of the least favorable regions is due to the federal program for the land development in the Far East. The least developed agricultural regions were the Siberian and Ural Federal Districts. An increase was 34% and 43%, respectively.

The presence of a large production base does not ensure the possibility of operational expansion of production within the state import substitution policy. The key problem of large agricultural regions is physical and moral depreciation of the material and technical base.

The strategic documents regulating the import substitution policy are as follows: strategies for the socio-economic development of regions, import substitution concepts and action plans. An analysis of the documents allows us to identify features and form a phased model for the development of import substitution for districts with high and low growth rates.

Regions with low rates of import substitution need the re-equipment of existing capacities (Evieva, 2016). The plans of the Siberian Federal District as well as less developed regions of the Far Eastern Federal District provide a large list of measures that require financial resources: construction of factories, greenhouses, commissioning of new undeveloped land. The main factor hindering the production growth is the absence of production of products included in the import substitution program (Evieva & Samaeva, 2016).

Almost all program documents pay special attention to the development of scientific and technological potential and its use for improving agricultural production. Foreign experience shows that the main stimulus and accelerator of the development of import substitution is modernization of capacities and implementation of new technological solutions in production processes (Tsathlanova, Erenzhonova, Nakhaeva & Akimova, 2017). Most of the technologies used in agriculture are foreign ones. To solve this issue, technology parks have been created throughout the country. However, the concentration of technopark structures in agricultural regions is low.

According to the results of the study of import substitution policies in the regions of the Southern Federal District, the following priorities can be identified:

- Republic of Adygea: agriculture; food production; pulp and paper industry; production of machinery and equipment; production of other non-metallic mineral products;

- Astrakhan region: agriculture (crop production, including mushroom cultivation, animal husbandry, beekeeping, high-tech feed), a logistics system for transporting and storing vegetables and melon, fishery, shipbuilding, production of electrical equipment, biodegradable tubes for drip irrigation systems, building materials (cement-lime mixtures, dry building mixtures, composite reinforcement, bitumen), textile, packaging, machine tools (metal cutting and metal-forming machine), etc.;
- Volgograd region: metallurgy, agriculture – crop production (including seed production, deep processing of corn grain), livestock, potash enrichment, oil and gas machine building, food industry, light industry (clothing production, wool processing), timber industry (production cardboard), pharmaceuticals, production of building materials (sandwich panels, fiberglass pipes, heat-insulating fabrics, heat-insulating materials), automotive industry (passenger cars mustache), civil aircraft industry, electronic industry, machine tool industry, shipbuilding, non-ferrous and ferrous metallurgy (Isaeva & Lekontsev, 2018);
- Republic of Kalmykia: agriculture, tourism. The priority areas of the agro-industrial complex include the development of import-substituting sub-sectors, including vegetable and fruit growing; ensuring environmental safety of agricultural products and food; increasing exports of agricultural products, raw materials and food; minimization of logistics costs and optimization of other factors that determine the competitiveness of products, taking into account the rational distribution and specialization of agricultural production and food industry in the zones and regions of the country (Muev, Evieva, Dorzhieva, & Muev, 2019) The tourism potential is characterized by the exotic nature of tourism products associated with the historical and cultural heritage of the Kalmyk people, ancient national traditions, and folk crafts, ethnography and natural resources (Avaldykova, 2017)
- Krasnodar Territory: industrial, construction, fuel and energy complexes, information and communication technologies, agricultural, transport, resort-recreational and tourist complexes. (Melkumova & Belkina, 2016) Agricultural, transport, sanatorium-resort and tourist complexes determine the special status of Krasnodar Territory. One of the tasks of the region is to accelerate the pace of development of industrial production in the priority areas, including oil and gas engineering, agricultural engineering, equipment for the agro-industrial complex and the processing industry, furniture and wood processing industry, the production of construction equipment and building materials, the development of pharmaceuticals and production of medical equipment;
- Republic of Crimea: agro-industrial complex; tourist and recreational complex; industrial complex;
- Rostov Region: machine-tool industry; radio-electronic industry; light industry; oil and gas engineering; agricultural engineering; transport engineering; aviation industry (helicopter); power engineering; chemical industry; agro-industrial complex (animal husbandry (dairy cattle breeding, pig breeding, poultry farming, meat cattle breeding; vegetable growing; milk processing, production of fruit and vegetable products, deep processing of grain, construction and modernization of vegetable stores (Kholodkovskaya, 2017);

- Sevastopol: highly integrated microelectronic assembly, elite winemaking (Kholodkovskaya, 2017).

Having analyzed measures of regional import substitution plans and programs, we can identify mechanisms for their implementation:

- monitoring and analysis of the structure of imports and importing organizations in the region by creating a register of imported products and importing organizations;
- creation of favorable conditions for the production of competitive products (Ivanov & Buchwald, 2017);
- promotion of investment projects aimed at import substitution;
- promotion of agricultural products produced by small businesses;
- interaction with federal authorities;
- amending federal programs providing for additional measures of state support for domestic producers;
- popularization of products manufactured in the region;
- development of financial mechanisms for attracting and supporting investments;
- creation and development of industrial clusters;
- implementation of measures to create the image of the region of the Southern Federal District as a region favorable for tourism.

The import substitution policy will contribute to the achievement of the following positive effects:

- development of competitive industrial and agricultural complexes;
- ensuring favorable organizational, material and technical conditions for the development of a regional innovation system, stimulating innovative activities of organizations and increasing demand for the results of innovative activities (Kormishkina & Semenova, 2015);
- creating conditions for the implementation of measures of federal industrial policies in accordance with set objectives;
- ensuring GDP growth by increasing the volume of production of competitive import-substituting products;
- increasing the employment rate and living standards;
- ensuring the competitiveness of the region.

The implementation of import substitution programs can contribute to the development of the potential of regional enterprises producing competitive import-substituting goods and services (Platonova, 2018). Stimulating an increase in the production volume and supporting investment projects in priority areas will give an additional impetus to the economic development.

7. Conclusion

An analysis of regional import substitution programs showed that the most effective models are based on the correct use of existing potential and neutralization of factors constraining the development. Regions using accelerated import substitution models are located in the Northwestern, Southern, and Far Eastern Federal Districts. An increase was due to the use of digital technologies in agriculture, a

combination of favorable natural factors, a program-targeted approach, and government support and investment.

Accelerated import substitution is based on the innovative production methods, in particular breeding, cultivation of hybrid plants; improvement of soil fertility while maintaining high quality and consumer value of products; precision farming, increasing production profitability.

Accelerated import substitution is based on the introduction of innovative production methods, in particular breeding, the cultivation of hybrid plant forms that have shown high adaptability to adverse climatic conditions; evidence-based approach to improving soil fertility while maintaining high quality and consumer value of products; the use of precision farming, increasing the profitability of production.

The effectiveness of the import substitution models will higher with increased networking at the interregional level; improving quality of municipal management; participation of regions in joint projects coordinated at the level of federal districts (Erdnieva & Khurumchieva, 2016). Network mechanisms are aimed at creating an integrated product with unique characteristics that will ensure the leading position of agricultural producers, and allow research and educational enterprises to carry out research and development involving highly qualified and promising staff.

References

- Avaldykova, E. S. (2017). Ways to increase the competitiveness of the regional economy. *Strategy and tactics of enterprise management in the transition economy*. In G. S. Merzlikin (Ed.), Coll. of mater. of the XVII annual open competit. of res. works of students and young sci. in econ. and management. "Green Sprout" (pp. 111–114).
- Erdnieva, E. V., & Khurumchieva, A. E. (2016). Features of the formation of the grain cluster: foreign and domestic experience. *Economics of modern society: current issues of crisis management*. Mater. of the Int. sci. Conf. (pp. 621–624). Kalmyk State University named after B.B. Gorodovikov.
- Evieva, B. E. (2016). Problems of rural development. *Econ. and Entrepreneurship*, 5(70), 548–551.
- Evieva, B. E., & Samaeva, E. V. (2016). Causes of risks and the search for ways to reduce them in agricultural entrepreneurship. *Econ. and Entrepreneurship*, 11-2(76), 508–514.
- Isaeva, L. A., & Lekontsev, P. Y. (2018). Assessing the impact of economic sanctions on the agro-industrial complex, using the example of the Southern Federal District. *Colloquium*, 13-10(24), 66–69.
- Ivanov, O. B., & Buchwald, E. M. (2017). Problems of import substitution in the development strategies of Russian regions. *Stage: Econ. Theory, Anal., Pract.*, 7, 24–41.
- Kholodkovskaya, N. S. (2017). Study of import substitution development programs in the Southern Federal District // Actual problems of the modern economy. *Mathematical methods, models and information technology*. Coll. of reports of the XVIII sci.-pract. Conf. of teachers, students, graduate students and young sci. (pp. 113–119).
- Kormishkina, L. A., & Semenova, N. N. (2015). Import substitution is the most important strategic task for the development of the agro-industrial complex of Russia. *National Interests: Priorities and Security*, 8(293), 2–11.
- Lipnitsky, T. (2014). Import substitution as a factor in ensuring the economic development of agricultural production. *AIC: Econ., Managem.*, 3, 63–67.
- Melkumova, E. E., & Belkina, E. N. (2016). Investment in agribusiness and increasing the efficiency of their use. *Current status and prospects for the development of scientific thought*. Coll. of articles of the Int. sci.-pract. Conf. (pp. 105–107).

- Muev, B. D., Evieva, B. E., Dorzhieva, V. B., & Muev, A. T. (2019). Current status and forecast of socio-economic development of the Republic of Kalmykia until 2022. *Bull. of the Altai Acad. of Econ. and Law*, 4-2, 259–263.
- Platonova, T. (2018). Trends in state regulation of the agricultural sector in the regional aspect. *Self-government*, 51, 121–125.
- Tsathlanova, T. T., Erenzhonova, D. B., Nakhaeva, E. B., & Akimova, V. O. (2017). The clustering algorithm of the regional economy. *Econ. and Entrepreneurship*, 4-1(81), 276–278.