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**NATIONAL AGRI-FOOD SYSTEM TRANSFORMATION UNDER
INFLUENCE OF IMPORT SUBSTITUTION POLICY**

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Abstract

The paper considers the food import substitution policy and the formation of resources for export orientation as one of the tasks of national food independence. There are two contradictory approaches in the world economy and politics: some are based on encouraging restrictions on the import of agricultural raw materials and food products, others – against import restrictions. The choice of the strategy for and against food import is linked to the development of national agriculture and resource opportunities. In the last decade, Russia belongs to the first group of countries, which is associated with underutilization of the country's agricultural potential and the escape from political and economic dependence on external influence. Given the globalization of the economy, changing food import dependence to export-oriented has a number of relevant aspects. The paper studies the consequences of the import substitution policy for the agri-food complex on the example of Russia, considers the disadvantages of stages to implement the import substitution policy and export-oriented products of the Russian agro-industrial complex. The consequences of the import substitution policy for the Russian agri-food complex include a partial increase in imported products for a number of food products.

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1. Introduction

The food import substitution policy and the formation of resources for export orientation is one of the tasks of the national food independence. There are two contradictory approaches in the world economy and politics: some are based on encouraging restrictions on the import of agricultural raw materials and food products, others – against import restrictions. The choice of the strategy for and against food import is linked to the development of national agriculture and resource opportunities. In the last decade, Russia belongs to the first group of countries, which is associated with underutilization of the country's agricultural potential and the escape from political and economic dependence on external influence. Given the globalization of the economy, changing food import dependence to export-oriented has a number of relevant aspects. Given the globalization of the economy, the change in food import dependence to export orientation becomes relevant, including for Russia.

2. Problem Statement

Changing the agri-food system under the influence of the import substitution policy and export-oriented potential requires the classification of conditions and the identification of options for consequences to develop scenarios for effective agricultural policy, which is not sufficiently studied.

3. Research Questions

The subject of the study highlights the effects of agropolitical decisions on the implementation of import substitution within the agri-food system at the national level. The objectives of the study include the analysis of the consequences of implementing the import substitution policy for the agri-food complex using the example of Russia; consideration of disadvantages of stages to implement the import substitution policy and export-oriented products of the Russian agro-industrial complex.

4. Purpose of the Study

The purpose of the paper is to study the theoretical aspects of the transformation of the agri-food system under the influence of political decisions on the formation of the policy of agrarian protectionism.

5. Research Methods

The materials included scientific studies on the impact of demographics on import substitution posted in domestic and foreign databases of scientific citation, statistical materials according to the Federal State Statistics Service and the international statistical database of the UN FAO, data on information resources of national agricultural management services and food systems (Animitsa et al., 2015).

The main methods of study included monographic, analytical, and logic analysis.

6. Findings

The study of the impact of the import substitution policy on the national agri-food system has a long history, which is associated with the protection of world food security and the development of globalization (Baer, 1972; Bruton, 1998; Kwon, 2010; Shumakova & Nardin, 2017; Sukhanova et al., 2015; Veselovsky et al., 2017).

The activation of the Russian food import substitution policy is associated with a foreign-policy factor caused by the confrontation between political and foreign economic interests. This negatively affected the reduction in trade between countries.

The consequences of the import substitution policy for the Russian agri-food complex include a partial increase in imported products for a number of food products. Since 2014, after the introduction of the embargo on the import of certain categories of goods into the country, the main emphasis has been on investing in agricultural sectors with a short period of increase in production (Fedoseeva, 2015). For example, the creation of large industrial complexes of pig and poultry farming brought the actual level of meat consumption closer to the standard (Levchenko & Ivanova, 2016; Sedova et al., 2017). At the same time, more costly industries, including dairy cattle breeding, have a negative dynamics despite financial state support measures (Vorotnikov et al., 2018). The crop industry also began the active introduction of investment programs for the construction of greenhouse farms, the development of horticulture. However, by 2020, the planned increase in national agriculture within the strategy of import substitution and in the Doctrine of Food Security has not been fully achieved. Insufficient levels of production for milk, cattle, vegetables and fruits negatively affect the satisfaction of the population in these products in accordance with rational nutritional standards. Positive consequences include the formation of a positive image of agriculture as one of the priorities for the country's economy.

The authors referred to the following disadvantages of strategic stages to implement import substitution in the study: insufficient level of technical, technological and scientific substitution of products for the development of all links of the agro-industrial complex. This is especially pronounced in selection and seed production: in a number of crops there is high seed import dependence, especially in technical, vegetable crops and planting material. A similar problem is observed with genetic material for animal husbandry. The analysis of statistical reports on scientific research in the field of agriculture, a survey of agricultural producers of the Volga Federal District of the Russian Federation on the introduction of innovations in the field of import substitution products revealed problems of weak commercialization of scientific research, insufficient functional system of procurement and the introduction of sectoral domestic developments in enterprises of various organizational and legal forms of farming related to agriculture and processing of agricultural raw materials.

The disadvantages include the lack of a system for determining the level of import dependence for each food group, the degree of dependence on imported raw materials, the level of the current innovative state of imported products, the level of possible financial and repetitive losses of the region on imports and domestic production, the degree of threat of sanction risks from the exporting country in relation to supplies to the Russian Federation, etc.

The analysis carried out within the classification of product groups determined that if in a whole subgroup of food products the level of imports in the market is 0 to 20%, then import dependence is low, if from 21% to 50% – average, if more than 51% – high. The list of risk factors can generally be individual for each particular AIC area. The degree of import dependence of each individual product of the AIC industry is associated with two important conditions:

- availability of production and conditions of its development, including physical, natural-climatic and economic,
- ratio of this condition to the import of products. This condition is connected with the balance of the factors of innovation and resource cost of the created consumer product, in this case food, and the presence of demand in the country and the region for these products of the agro-industrial complex.

The main export-oriented link of the country's agricultural economy is the grain industry, which has great development potential due to both intensification (introduction of technologies to increase crop yields, improve crop rotation, development of grain breeding) and increase in potential agricultural land (return to circulation of at least 1 million agricultural lands).

7. Conclusion

Transformation processes of reducing the import and increasing the export of products of the agricultural sector of Russia are associated with the inclusion of agriculture in the innovative economy, stimulating knowledge-intensive solutions in the field of crop production and animal husbandry.

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