

Development of agricultural regions in the conditions of rational import substitution policy

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Abstract. The article is devoted to the consideration of the peculiarities of the development of agrarian-industrial regions in the conditions of the implementation of the policy of rational import substitution of food products under the sanctions pressure of Western countries. The object for the study is socio-economic relations arising in the process of implementing the strategy of rational import substitution in the agrarian-industrial region. The main statistical indicators of the activities of the agro-industrial complex (AIC) in Russia are analyzed. Also, the main problems faced by the regional cluster of the AIC are identified. The factors constraining the development of agro-industrial regions and the intensification of points of economic growth in the regions are systematized. A special attention is paid to the theoretical and methodological foundations of evaluation of the points of economic growth of the regions focused on the development of the agricultural sector. As a result of the study, it can be concluded that sustainable balanced development requires a policy of proactive import substitution, focused on emerging new markets, aimed at improving the economic security of the Russian economy in the global market segments.

1. Introduction

The most important element of the implementation of economic policy in Russia is import substitution. The processes of spatial polarization occurring in Russia, accompanied by a number of contradictory tendencies, led to the considering of the problem of advanced import substitution as one of the most important task of federal and regional socio-economic development. After a decade of continuous economic growth and increasing the well-being of the population, Russia and its regions faced serious economic and political challenges of the global crisis, as a result of which the need to revise the strategy in the field of import substitution and strengthen coordination of measures of state and regional policy of sustainable economic development of the country has acquired special importance. According to the Federal Customs Service for January-December 2018, about 47.3% of the volume of imported goods imported into Russia is accounted for by machines and equipment. The proportion of food products and raw materials for their production in January-December 2018. amounted to 12.4%. It is fair to note that over the past few years a stable structure of food imports has been formed: the supply of wheat increased by 27%, palm oil by 18.9%, cottage cheese and cheese by 17.9%. At the same time, there is a tendency to reduce the value and physical volumes of imports of fresh and frozen meat by 36.7%, milk and cream by 21.1%, and butter by 10.5% [1].

The conditions of the food embargo, introduced in Russia in 2014, put the regions in an ambiguous situation: on the one hand, manufacturers faced the problem of providing enterprises with the



necessary raw materials, and on the other hand, the imposed sanctions served as a kind of catalyst for the domestic industry, primarily for agro-industrial sector. Thus, the agrarian-oriented regions received new opportunities for bringing their own products to new competitive positions, thereby returning their own market to national producers [2].

In the context of ongoing transformation and modernization processes that have emerged in the domestic economy over the past few years, the strategy of rational import substitution can ensure sustainable economic growth in Russian regions. To achieve this goal, it is advisable to identify and activate potential “growth points” of the Russian regions, especially those with an agro-industrial orientation. At the same time, it should be noted that the effective implementation of the strategy of import substitution is possible during the forming common approaches in solving conceptual issues both at the regional and federal levels. The idea of increasing the competitiveness of the regional economy based on the implementation of cluster initiatives is not new. But at the stage of overcoming the crisis, when traditional methods of diversification can no longer give adequate results, the use of the cluster model of business organization in the regions as an adequate tool for modernizing the economy has no alternative. The interdependence and interrelations between the processes of clusterization, formation and activation of regional points of economic growth and ensuring import substitution is a new economic phenomenon that allows to resist the onslaught of global competition and properly meet the requirements of national and regional development.

The problems of implementation of the policy of import substitution are presented in the works of a number of Russian scientists, such as A.I. Altukhov, V.R. Boev, I.N. Buzdalov, Yu.V. Vertakova, V.A. Dobrynin, V.V. Miloserdov, V.V. Plotnikov, I.G. Ushachev et al. It should be noted that the development issues of the agro-industrial regions under the conditions of implementing rational import substitution are not sufficiently developed due to the neglect of a number of regional features, the specifics of the transformation and modernization processes occurring in the sectoral structure of Russian regions.

The aim of the study is to develop the theoretical and methodological basis for the development of agro-industrial regions in the context of the implementation of the policy of rational import substitution. To achieve this goal it is necessary to solve the following theoretical problems:

- to reveal the essence of import substitution as a mechanism to stimulate economic growth in the region;
- to analyze the main statistical indicators of the activities of the agro-industrial complex in Russia;
- to reveal the theoretical and methodological basis for assessing the points of economic growth in the agro-industrial regions and to form a methodology for determining such points of economic growth at the regional level.

2. Main part

The choice of priorities for the socio-economic development of modern Russia should be based on the perspectives of its industrial basis. The world experience of the last century showed the possibility of the development of industrial countries in the framework of two models: the model of import substitution, which is the historically earlier version of the development of national economies of the industrial era, and the export-industrial model characteristic of industrialized countries. The import-substituting model is based on building within the national economic space of closed technological contours “primary industries - production of means of production - production of consumer goods”, which provided the state with relative economic independence, sometimes bordering on autarky [3]. It should be noted that many economists believed that the import-substituting model is ineffective, because without a faster export growth, the national economy is faced the problem of the balance of payments deficit, and as a result, the growth of external debt. At the same time, the experience of the countries of Southeast Asia showed the possibility of providing the production facilities in the short term with the industries necessary for the transition of the country's economy to an export-oriented model.

An ambiguous development model has developed in the Russian economy: on the one hand, Russia is experiencing a strengthening of export-raw material orientation, and on the other hand, under the influence of a number of macroeconomic regulators, the process of “unsystematic import substitution” takes place in many sectors of domestic industry. Today we can say that import substitution is the result of the inertia of global world processes that began a few years ago. For the modern domestic economy, the transition to the model of import substitution is rather a forced measure, due to a number of economic and political factors. Thus, the most rational is such a model of economic development, where the optimal balance between import substitution and export orientation will be achieved.

The mutual influence of a number of international sanctions served as an impulse for import substitution in Russia [4]. However, as domestic practice has shown, macroeconomic conditions do not have a significant effect on the growth of domestic production capacity, but at the same time they significantly reduce the growth of investment in various segments of the domestic economy. As a result, it is necessary to form a new strategy of rational import substitution, focused on creating favorable socio-economic conditions for identifying and activating points of economic growth.

Let us consider in more detail the development factors of the agro-industrial regions in the context of the implementation of the import substitution strategy. An analysis of the commodity structure of Russian imports showed that the main directions for implementing a strategy of rational import substitution are machinery and equipment, food products and agricultural raw materials, and products of the chemical industry (Figure 1.2).

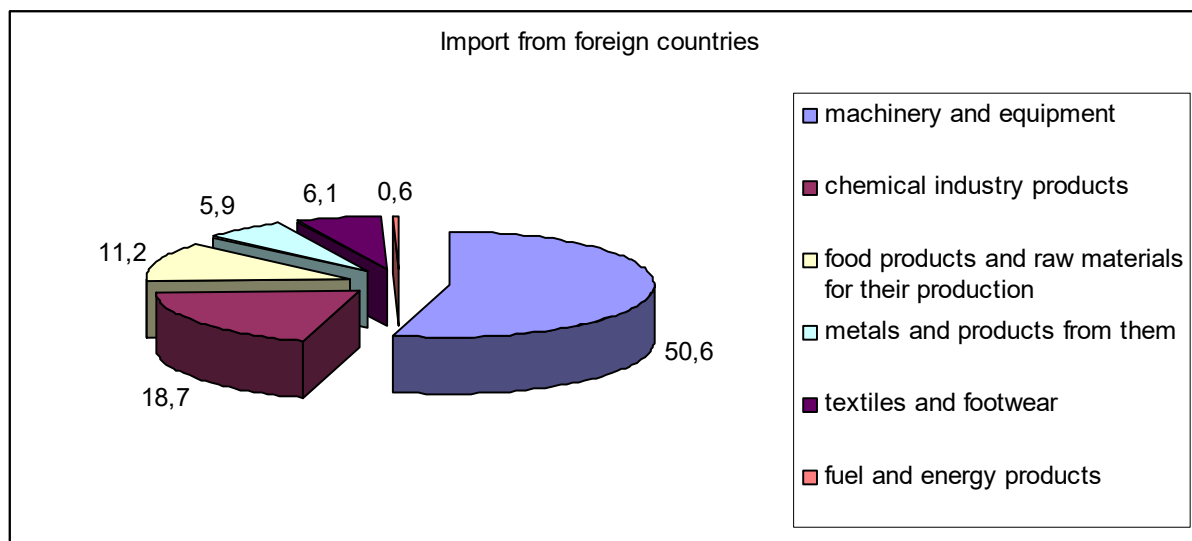


Figure 1. Import from foreign countries.

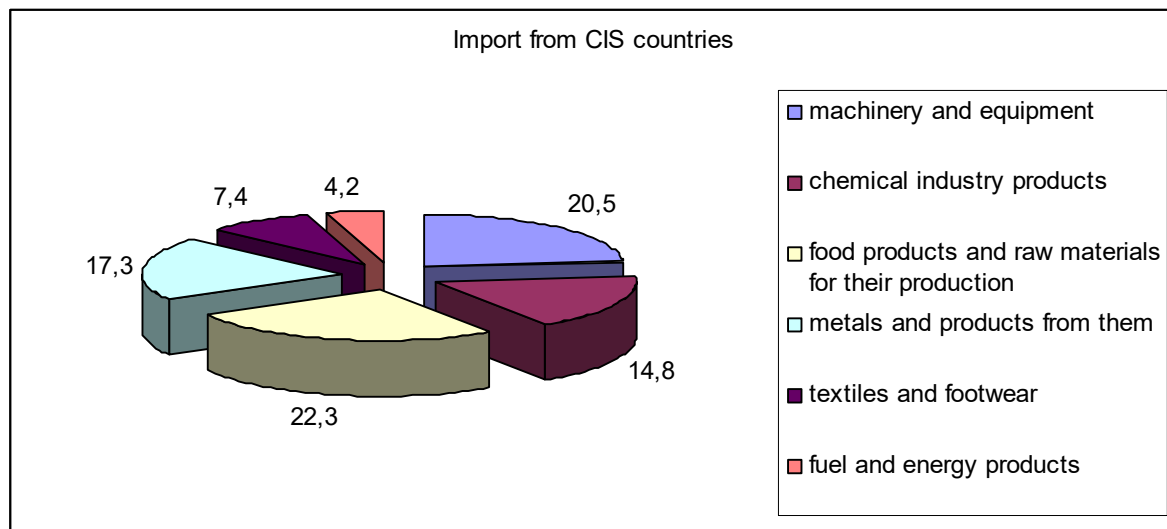


Figure 2. Imports from CIS countries.

As can be seen the figures, for January-December 2018. in the commodity structure of imports from foreign countries, the largest share was accounted for by machinery and equipment - 50.6%, from the CIS countries - 20.5%, while it should be noted that the value of imports of these products compared to the same period in 2017. increased by 2.0% (electrical equipment + 11.8%, optical instruments and equipment + 8.9%), the physical volume of imports of cars also increased (+ 9.5%) and the share of trucks decreased (-17, 9%). The share of the chemical industry in the commodity structure of imports from non-CIS countries was 18.7%, from the CIS countries - 14.8%. The physical volumes of supplies of soap and detergents (+ 7.3%), rubber and products from it (+ 6.9%) increased. The value and physical volumes of imports also increased by 2.4% and 1.6%. Thus, there was an increase in the supply of wheat by 27%, palm oil by 18.9%, cheese and cottage cheese by 17.9%, citrus fruits by 7.4%. At the same time, there was a decrease in physical volumes of deliveries in such product categories as fresh and frozen meat (-36.7%), milk and cream (-21.1%), and butter (-10.5%).

It should be noted that the organizational, economic and institutional problems of implementing a strategy of rational import substitution in the agro-industrial complex are aggravated by the technological backwardness of the production capacities of agricultural production and the climatic conditions [5]. For example, the natural productivity of arable land in the United States is 2.7 times higher than in Western Europe, and the energy intensity of agricultural production in Russia is 4 times higher than in the United States. Due to these factors, the problem of rational import substitution in the agro-industrial complex should be considered together with the latest agrarian crises, including those related to the system-economic.

In recent years, there has been an increase in agricultural production, however, it has not yet been possible to achieve the level of economic efficiency that is necessary for expanded reproduction on a new technical and agrotechnological basis. The internal growth reserves associated with rational forms of land-use and promising organizational-economic forms of interaction between business entities and external, due to factors of the macroenvironment, changes in the vector and toolkit of state support for agro-industrial regions are far from being realized. To successfully solve the problems connected with food import substitution, scientific and practical recommendations considering regional peculiarities of agriculture and the prospects for agro-industrial complex regions in the context of dynamic changes in the external economic environment associated not only with the global agrarian crisis but also with geopolitical instability in the world are needed. As a result of insufficient technological equipment of production, internal growth reserves associated with promising organizational and economic forms of interaction of economic entities are not implemented were not realized, and external growth reserves associated with macro-environment factors, instruments of state regulation of agricultural and

industrial regions are not implemented too. That is, the solution of the problems of food import substitution in the agro-industrial regions is not possible without taking into account the regional characteristics of agriculture in a changing environment, not only associated with the agrarian crisis caused by higher prices for consumer goods, but also the geopolitical situation in the world [6].

After analyzing the features of the agro-industrial complex of the regions, we can identify the main problems faced by regional clusters:

1. Depreciation of fixed assets, technological diversity, shortage of highly qualified personnel, and, as a result, low profitability of agriculture in general;
2. Imperfection of state regulation of support of the domestic agro-industrial complex;
3. Low price and consumer competitiveness of domestic products and the lack of access to the external market;
4. Poor development of agricultural markets and lack of incentives for domestic producers;
5. Insufficient development and structuredness of market business entities in the agro-industrial complex.

At the present stage in the regions of the Russian Federation there is a demographic crisis that restrains domestic demand. The prevailing trend in the dynamics of real incomes of the population of the Russian Federation can also significantly change the structure of production, in particular in the meat subcomplex of the agroindustrial complex, and it will determine the possibilities for a strategic transition from import substitution to export-oriented production in a number of branches of the domestic agro-industrial complex.

Currently, the market of agricultural products and its processing has been formed, large agricultural holdings created on the basis of vertical integration have been fixed in the interregional markets. At the same time, small forms of management that have not found their consumer niche remain aside from the main processes in the agricultural sector.

Since the 1990s, clusters play a key role in the formation of territorial development strategies focused on the local competitive advantages of the region's production systems in the global economic system, which has led to fundamental changes in the foundations of industrial policy and a change of the previously dominant models of centralized development. According to experts, at the moment clustering covers about 50% of the economies of the leading countries of the world. The advantages of the cluster organization of the regional economy are connected with the stimulation of the innovative development of the region and the provision of positive externalities (external effects). By external effects we mean the processes of positive influence of one or more firms on the immediate environment (suppliers, consumers, competitors), the result of which is a further increase in the competitiveness of the company. It should be noted that the cluster development of the economy acts as a specific business tool.

In the market economy, economic entities are subject to certain rules by means of relationships, laws, support institutions, the banking sector, etc. Accordingly, the cluster functioning within the framework of these rules is a specially organized space in which infrastructure objects, large firms, small enterprises, suppliers of components, equipment and specialized services successfully develop. At the same time, the cluster is characterized by a synergistic effect obtained as a result of the free access of its members to new technologies and markets, financial resources and marketing strategies.

As a distinctive feature of a cluster, it should be noted a targeted entrepreneurial activity in which each of its constituent elements takes part in creating the value chain of the final product. At the same time, the clusters help to attract investments, as they are characterized by initiative, integration, information and interest shown to potential investors. Thus, in the national economy, clusters play the role of points of economic growth in the domestic market. Accordingly, in current conditions of Russian economy, the cluster structure of points of economic growth of regions, in our opinion, is a necessary determinant of the successful implementation of the import substitution policy, especially in the food sector.

Based on the study of the western experience of clustering the economy, it can be said that the functional purpose of clusters in terms of implementing import substitution policy is to level market

failures, smoothing disproportions in the development of regions, forming the national innovation structure of the economy, due to the dualistic role of clusters as key types of spatially localized systems in territorial administration (on the one hand, clusters have local exclusiveness, acting as points of economic growth of the territory, having at the same time a set of economic assets, unique competences, a private pool of entrepreneurs, and on the other hand, they are characterized by global involvement in large regional networks and unique opportunities in the global market).

It should be noted that a significant part of the regions, which are the “locomotives” of economic growth and have a mono-sector economy with a high degree of production concentration have suffered much more than regions with a diversified economy, in which a large share is occupied by medium and small businesses. There is no doubt that the effectiveness of such a regional organization of economic activity, as it cluster organization of the economy is characterized by the presence of plural medium and small enterprises that make up the core of the cluster. The cluster has a number of advantages relative to the sectoral organization of the regional economy in the area of developing innovations, increasing the productivity of participating companies, creating favorable conditions for the development of a new business.

3. Conclusion

As the analysis showed, the problem of development of agro-industrial regions in the context of implementing the strategy of rational import substitution is complex, and therefore it is necessary to systematize of the main problems, the solution of which will contribute to the development of the organizational and economic mechanism for activating the regional economic growth points.

One of the ways to activate the points of economic growth is to develop a mechanism to activate the points of growth. Developing a mechanism for activating regional growth points, it is necessary to take into account its adaptation to the existing socio-economic situation in the region and to federal programs of socio-economic development. The main elements of financial regulation mechanisms include streamlining inter-level and inter-territorial movement of financial flows and creating conditions for increasing the financial potential of individual territories, including regions. Deep modernization and transformation of the Russian economy on the basis of the strategy of import substitution should ensure its maximum self-sufficiency and anti-crisis sustainability of the Russian model of economic growth.

Among the factors that have a deterrent effect on the development of agricultural and industrial regions and the activation of economic growth points in the regions, there are several most significant factors (table 1).

Table 1. Factors constraining the development of the agro-industrial complex.

Deterrent factors	Content of factors	Aftermath
Technological factors	threshold depreciation of fixed assets; prevalence of extensive agricultural technologies	need for large capital investments
Structural factors	dependence of agriculture on imported components and materials; over-indebtedness of the real sector, lack of "long" loans	reducing the potential for internally oriented growth
Environmental factors	growth of fallow land areas, soil pollution, etc.	destruction of the natural resource potential of import substitution
Organizational and economic factors	lack of development institutions implementing the import substitution strategy; lack of state system of monitoring of fuel and energy resources	inefficiency of the institutional structure of import substitution
Infrastructure factors	insufficient development of general infrastructure support for clustering around points of economic growth; absence of the necessary logical systems that unite the production, storage, processing and realization of production in the framework of agro-industrial complexes	imbalance in the infrastructure of import substitution

The policy of import substitution is a long-term process requiring constructive interaction from various economic and political structures. The strategy of import substitution is to develop and implement sound, targeted strategic programs for the development of competitive domestic industrial production that is able to provide consumers with sufficient quantities of necessary products, to replace imported goods with similar products of high quality and to increase the country's export performance. The fundamental condition for the development and implementation of import substitution policy is that it must be based on an evolving system of priorities.

At the same time, the determination of priorities of the first stage should be dictated by considerations of the economic security of the state, however, the second and subsequent stages imply that the most mature industries of import substitution lay in their development the necessary prerequisites for export orientation. Another methodological principle of the future import substitution policy is the different willingness of enterprises for the effective management of investment resources, which implies that, despite the importance of the sectoral priorities of import-substituting policies, the priority of a selective approach. Thus, it is obvious that for sustainable balanced development, a policy of pre-emptive import substitution, focused on emerging new markets, aimed at improving the economic security of the Russian economy in the segments of the global market.

In accordance with this, the following strategic objectives for the development of the agro-industrial complex in Russia can be identified:

1. Formation of the necessary conditions for ensuring the competitiveness of agricultural products, as well as improving the quality: increasing the volume of production of the main, profitable types of agricultural products mainly due to the increase in the yield of the respective crops, increasing the productivity of poultry and cattle; reducing the cost of agricultural production, increasing profitability to the level necessary to ensure the sustainable development of this sector; carrying out activities aimed at improving the quality of products; provision of appropriate guarantees for the effective sale of agricultural products.
2. Creation of general conditions for the functioning of agriculture. Maintenance of soil fertility, development of agricultural consumer cooperation: maintenance of soil fertility of lands; providing consulting assistance to agricultural producers and retraining of agricultural specialists; development of agricultural consumer cooperation.
3. Realization of complex measures for the improvement of the most priority sub-sectors of the agro-industrial complex: support for livestock and beef cattle breeding, implementation of antiepiootic measures, development of plant growing, support for elite seed production, as well as support for laying and maintaining perennial plantings.
4. Ensuring the financial sustainability of the agro-industrial complex of the region, in particular, increasing the availability of credit resources, technological and technical sectors of agriculture.

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