

Nataliya V. Yakymenko¹

MECHANISM OF STRATEGIC IMPORT SUBSTITUTION IN UKRAINE'S ECONOMY

The article outlines the tools that make up a common mechanism of industrial policy. It reveals the results of implementing the policy of import substitution in countries with different types of open economy. It justifies Ukraine's focus on the development of domestic production through its diversification and modernization, more efficient use of the existing capacities and improvement of their technological level, significant improvement of regulatory environment for business, implementation of a mechanism to stimulate resource efficiency and innovations, directing investments at the introduction of new models of resource and energy efficient techniques and technologies, organization of HR training and incentives to engage private capital in these processes. Conclusions regarding the advisability of forming a mechanism for strategic import substitution in Ukraine are made.

Keywords: import; export; industrial policy; import substitution.

Наталія В. Якименко

МЕХАНІЗМ СТРАТЕГІЧНОГО ІМПОРТОЗАМІЩЕННЯ В ЕКОНОМІЦІ УКРАЇНИ

У статті визначено інструменти, які складають єдиний механізм промислової політики. Виявлено результати впровадження політики імпортозаміщення в країнах з різними типами відкритої економіки. Обґрунтовано, що в Україні пріоритет має надаватися розвитку внутрішнього виробництва шляхом його диверсифікації та модернізації, більш ефективного використання діючих виробничих потужностей та підвищення їх технологічного рівня, суттєвого покращення регуляторного середовища для ведення бізнесу, впровадження механізму стимулювання ресурсозбереження та інноваційного розвитку, спрямування інвестиційних ресурсів держави на впровадження нових зразків ресурсозберігаючої та енергоефективної техніки і технологій, організації сучасної підготовки кадрів та стимулювання залучення до цих процесів приватного капіталу. Зроблено висновки щодо доцільності формування в Україні механізму стратегічного імпортозаміщення.

Ключові слова: імпорт; експорт; промислова політика; імпортозаміщення.

Рис. 1. Літ. 10.

Наталья В. Якименко

МЕХАНИЗМ СТРАТЕГИЧЕСКОГО ИМПОРТОЗАМЕЩЕНИЯ В ЭКОНОМИКЕ УКРАИНЫ

В статье определены инструменты, составляющие единый механизм промышленной политики. Выявлены результаты внедрения политики импортозамещения в странах с различными типами открытой экономики. Обосновано, что в Украине приоритет должен предоставляться развитию внутреннего производства путем его диверсификации и модернизации, более эффективного использования действующих производственных мощностей и повышения их технического уровня, существенного улучшения регуляторной среды для ведения бизнеса, внедрения механизма стимулирования ресурсосбережения и инновационного развития, направления инвестиционных ресурсов государства на внедрение новых образцов ресурсосберегающей и энергоэффективной техники и технологий, организации современной подготовки кадров и стимулирование привлечения к этим процессам частного капитала. Сделаны выводы о целесообразности формирования в Украине механизма стратегического импортозамещения.

Ключевые слова: импорт; экспорт; промышленная политика; импортозамещение.

¹ Kharkiv Institute of Kyiv National University of Trade and Economics, Ukraine.

Problem setting. The main goal of public policy in the short term should be the modified model of economic development oriented towards domestic market, recovery of industrial activity with a focus on attracting investments. This should provide the formation of a more sustainable economic model with developed domestic production, consumption market and financial sector allowing more stable response of the economy to possible changes in the global dynamics. Today, the structure of national economy is dominated primarily by the industries extracting raw materials or producing goods with low level of processing for export, the load capacity of which depends on external demand. Ukraine's consumer market is increasingly filled with foreign products. Today, high-tech industries are on the edge of survival; a significant part of the research potential was lost. For a long time, these negative structural changes were accompanied by job losses and deteriorating quality of life of the country's population. Development of domestic production and domestic market saturation with competitive products is a necessary condition for increasing the country's economic stability and reducing its dependence on imports.

Recent research and publications analysis. The problem of import substitution policy is widely covered in national literature. The works of V. Besedin and A. Muzychenko (2013), Yu. Kindzerskyi (2013), A. Mazaraki and T. Melnik (2012), G. Ortina (2014), T. Vasyltsiv and M. Tsap (2014), Ya. Zhalilo and V. Gatsko (2006) and others are devoted to the main aspects of this problem. Thus, by analyzing the structure and the dynamics of imports in Ukraine's economy, the authors show its role in reproduction processes, identify opportunities for the development of domestic markets and ground recommendations for import substitution in Ukraine.

Unresolved issues. Analysis of the research results by the above scientists has identified the feasibility of focusing on the study of mechanisms which foster the development processes in the industrial sector of Ukrainian economy in the context of the implementation of import substitution strategy. Thus, the purpose of this article is theoretical justification of strategy formation of import substitution in Ukraine's economy and development of recommendations on the creation of an appropriate organizational mechanism to implement it using a network of industrial and logistics centers.

Key research findings. Industrial policy should be considered as a strategy of development and improvement of industrial production efficiency, increase in the competitiveness of domestic industries, sectors, companies and products both at external and domestic markets ensuring sustainable economic growth in the long term. Industrial policy is a tool to influence economic growth through the structure of industrial production. These tools, which make up a common mechanism of industrial policy that meets the requirements of complexity and consistency, include macroeconomic, institutional, information and resource ones:

1) macroeconomic tools are aimed at the formation of general economic environment necessary for the development of real production, especially achieving financial stability, overcoming budget deficit and reducing inflation, ensuring the positive balance of payments and maintaining stable exchange rate of the national currency;

2) information tools are directed at the provision of economic agents and relevant authorities with structured data on socioeconomic environment treated using

scientifically based methods allowing more efficient solutions in production (including investment and innovation) and commercial areas;

3) resource (supplies) tools are aimed at the provision of market actors with reproductive resources to meet challenges of industrial development;

4) institutional tools relate to the formation of the relevant market principles and objectives of the industrial policy of legal, organizational and economic environment.

Industrial policy in actual practice always takes the form of a structural policy. Experience in the implementation of industrial policy in developed countries confirms the existence of basic models, which are the vectors of industrial development, export-oriented, innovation-oriented models and the model of import substitution. Industrial policy of import substitution provides filling the country's domestic market mainly through the development of national production, often using protectionist policies. The main constraint to import substitution is usually domestic effective demand. In the case where the dynamics of domestic market growth lags behind the dynamics of global situation, the policy of import substitution may adversely affect the competitiveness of import-substituting industries. Export promotion policies in developing countries is usually only a phase of trade policy to be implemented at various stages of industrialization, usually after the stage of import substitution. In recent years, the key areas of industrial policy were measures to increase investments in fixed assets, R&D and human capital. In practice (the experience of South Korea, Japan, China), these models of industrial policy are not mutually exclusive and can be effectively combined to achieve the goals of sustainable economic development. In this case, success in the long run is determined not by the focus on a particular model, but by an integrated approach to the development of a long-term development strategy based on understanding of country's competitive advantages, economically justified determination of priorities in the development, formation of centers responsible for the implementation of this strategy and development of clear rules of behavior for economic agents, while ensuring macroeconomic stability.

Main export products in almost all newly industrialized countries (NICs) became mass consumer products and, above all, products of manufacturing, highly competitive at foreign markets. This is achieved through the effective use of advanced techniques and technologies, scientific and technological achievements, modern methods of production organization, which contributed to a significant increase of productivity and labor intensity. The process of NICs industrialization can be divided into 3 stages: a) development of import substitution industries; b) formation of export potential in key industries; c) development of knowledge-based industries. The greatest success was achieved by the countries that were increasing their exports simultaneously with import substitution. High inflation, low levels of savings and return on investments, problems of external debt and balance of payments and, as a consequence of all this, low rates of economic growth and welfare were the main reasons for choosing the strategy of import substitution.

According to the results of the implementation of import substitution and import protection in the countries with different types of open economy, scientists revealed the following trends:

- achieving self-sufficiency at phase of import substitution;
- decreasing negative foreign trade balance in integration associations;

- reducing external debt, which occurs mainly in the countries engaged in import substitution of intermediate products;
- changes in employment structure (Besedin and Muzychenko, 2013).

In terms of progressive development of Ukrainian economy, not always economic growth is accompanied by positive changes in its structure. Possible increase can be achieved by increasing the share of mining, industrial and post-industrial sectors and industries. In Ukraine, the focus should be made on the development of domestic production through its diversification and modernization, more efficient use of the existing capacities and improvement of their technological level, significant improvement of regulatory environment for business, implementation of a mechanism to stimulate resource efficiency and innovations, directing investments of the state at the introduction of new models of resource and energy efficient techniques and technologies, organization of HR training and incentives to engage private capital in these processes.

According to the author of this article, an important element in the development of domestic production in Ukraine is to form and support at the state level the implementation of the development program of a network of industrial and logistics centers that will act as coordinators of intelligent and innovative processes in the industrial sector of Ukraine's economy to contribute to the development of industrial capacities.

The main tasks of industrial and logistics centers include:

- formation of an integrated system to implement scientific developments into production;
- coordination of scientific research, technical and technological expertise and continuous monitoring of innovation and investment activities in accordance with the priorities of the center;
- analysis of the world advanced experience in the production of equipment, technologies, organizational and technical solutions in the field of industrial production, formation of databases of the latest global models of equipment and technologies;
- study of supply and demand for innovative developments and determination of possibilities for their production at domestic enterprises;
- promotion of the development of an effective system of information support for innovative processes.

Program for the development of a network of industrial and logistics centers belongs to the program documents of industries and enterprises, the implementation of which will contribute to socioeconomic development of the state in a long term (Figure 1).

Thus, these industrial and logistics centers should contribute to solving the key problems of the development of Ukraine's industry and effective implementation of the industrial policy of import substitution, including:

- 1) formation of industrial and technological basis for the production of a new generation of competitive world-class high technology products in the field of technical systems (aircraft and shipbuilding equipment, road transport, engineering, power equipment) and electronic component base and special materials that will provide technological independence of the country and development of its economy;

2) development of technological incentives for economic growth by increasing the share of high-tech products in the structure of the economy; keeping jobs creating new ones in high-tech industries;

3) reduction of the overall technological backwardness of Ukraine from the leading countries while preserving and developing the priority technological areas, expanding possibilities for international cooperation in the field of high technologies etc.



Figure 1. Place of the Program for the development of a network of production and logistics centers in the System of program documents to ensure the socioeconomic development of the state, author's

Conclusion. Thus, Ukrainian economy should form a mechanism for strategic import substitution. So, the problem of domestic industry should be considered not only in its dependence on imports, but also the under-representation of Ukrainian industry in the system of international labor division. Possibilities for import substitution, weakening industrial dependence on imports are determined by production modernization, i.e. radical intensification of investment and entrepreneurial activity in Ukrainian economy. Strategic import substitution requires consistent displacement of imported raw materials, goods and finished products to lower production levels. Reducing the production dependence of Ukraine's economy on imports will provide effects such as modernization of production, increased value created, mitigation of the impact of exchange rate fluctuations on the production and financial performance of companies. This will also create the grounds for an increase in non-resource exports and attraction of domestic resource production in Ukraine's national production chains, thus becoming the basis for sustainable economic growth of Ukraine.

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