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Development of a strategy of import substitution

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Abstract

The paper studies the problem of developing a strategy of import substitution. The dynamics of the gross domestic product and export-import operations has been investigated. From our data we have concluded that it is necessary to use advanced production technologies in the industry of Russia. A general conclusion has been made concerning the system classifying alternative strategies of import substitution. This paper was carried out within the state scientific task No 26.2671.2014/K "Theoretical and methodological basis for the development and implementation of a cluster-based policy at the regional level and scientific and methodological foundations of the tools of the structural benchmarks of the regional social and economic system".

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1. Introduction

The policy of import substitution is connected with increase in profits of domestic industry. Supporters of the given concept have contended, that sustainable economic development of the state is possible only on the basis of the increase of the level of industrial self-sufficiency and increase the output of its own products. The strategy of self-sufficiency in the instability is generated by the processes occurring in the world economy, skeptical attitude to foreign capital. All this dictates the need for increased attention to the public sector in the industry, strict regulation of foreign capital participation involvement to in the industrialization. The policy of replacing imports of industrial

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products of local production is accompanied by the protection of domestic industry from the effects of the global market.

Industrial import substitution was proclaimed as one of the goals of economic development in the theoretical models developed by such representatives of neo-Keynesian school, like Chenery, Bruno, Carter. In the 60-70-ies of XX century they was offered economic growth model with two deficits. That model interpreted economic development as the gradual replacement of external sources of financing by domestic as imports substitute by domestic. Bridging the gap of savings and the trade deficit in this model was associated with external borrowing, while the internal resources of the country are not taken into account. Most Russian scientists also do not see an alternative to the industrial import substitution in relation to the growth prospects of the national economy.

In the economic literature can be found different interpretations of the concept of "import substitution". Kadochnikov understands the process of import substitution as "increase in production and domestic consumption of domestic products while reducing the consumption of imported goods (in physical terms)". According to Zaitsev DN "under the import substitution can be understood relative decrease or cessation of import of certain goods in connection with the organization of production of the same or similar goods on the site».

From our point of view, under the import substitution it should be understood, first of all, the production increase of local products while reducing the consumption of imported goods (only for goods for which substitution is possible and economically feasible). Consequently, the import-substituting products are the products of domestic manufacturers, replacing import analogue market because of their more attractive consumer properties.

In the case of import substitution at the stage of production there is the concept of "import-substituting element." The import substitution element means at par of the product or imported service, which can be replaced by domestic analogues. Accordingly, an import-substituting element is a domestic analogue.

As an import-substituting elements may act as raw materials, components, equipment, intangible assets, technology, certification, outsourcing, which the company uses in the design and production (consulting, engineering, market research).

The ultimate aim of import substitution as a factor of integration of Russia into the global market segments is the growth of the competitiveness of national industries and further export of national products on the world market.

It has not been considered as a long-term economic strategy in countries that have successfully implemented a policy of import substitution. It was necessary to protect domestic producers and economic independence. However, international experience, and research results confirm that in a modern open economy, import substitution as an end unproductive, indeed, unacceptable to pursue a policy of economic isolation. Import substitution policy must create a system of incentives to support national production of import-substituting products. These products must be competitive in foreign markets.

2. Results and discussion

We analyzed the economic development of the BRICS, which allows a number of conclusions (Table 1). GDP growth rates are relatively low in Brasil and similar to those of South Africa. This indicates that, despite the serious financial problems in these countries have managed to create not only competitive in the foreign market economic model, but also a large domestic market. China is more inclined to the open economy model with a high share of imports and exports in GDP, due to its geographical proximity to Russia and the hosting of numerous affiliates and subsidiaries, both Russian and American industry, successfully cooperates with local manufacturers.

Table 1 - Dynamics of GDP and the ratio of exports and imports in the BRICS countries in 2012-2014.

Country	The rate of growth of GDP, in% prev. year			GDP per capita,dollars. US			Value of exports and imports, %		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Brazil	1,8	2,7	0,1	12104	11892	11571	108,7	101,0	98,3
Russia	3,4	1,3	0,6	13976	14494	12874	157,1	153,3	161,6
India	13,1	13,6	11,5	1486	1499	1633	61,2	69,8	...

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