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IMPORT SUBSTITUTION AS A FACTOR OF THE PRODUCTION AND TRADE STRUCTURAL CHANGES IN UKRAINE

Abstract

Imbalances are revealed of national production and foreign trade structure. Import-substituting production is considered to be one of the factors of structural changes of national economy. The trends of import-substituting production by economic sectors are outlined. The necessity is substantiated for import substitution in food, textile, chemical, paper and cellulose industries, and agriculture. The mechanisms are offered to encourage import substituting production.

Key words:

Import substitution, structural imbalances, production, foreign trade, sectors of industry.

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Formulation of the problem. The transition to sustainable economic development makes the solution of the problem of structural changes in the economy critical. Disproportion of Ukrainian production brought about the high growth rate of merchandise imports. In recent years, a steady trend of foreign trade deficit is observed, which in 2011 amounted to 14.2 US billion dollars. Particularly important is the problem of constant and substantial growth in non-critical imports (food, consumer goods) that Ukraine traditionally produced and exported. Excessive import-dependence occurred in the food sector, where imports of certain goods increased tenfold. As a result, the imbalance in the structure of foreign trade increased. In these conditions import –substitution is one of the main factors of structural economic reform in Ukraine. Therefore, a key issue is research of the opportunities for economic movement of the country in the direction of displacement of certain types of imported products and their harmonic replacement by domestic analogues.

At the moment the development of import substitution is one of the priorities in Ukrainian state policy [1, p. 14]. Recently, the Verkhovna Rada (Supreme Council) of Ukraine adopted the State Program of the Development of Domestic Production, including import substitution development.

The program documents on structural policy of Ukraine accentuate the promotion of import substituting production as one of the major tasks.

Analysis of the latest researches and publications. Lately, the issues respectively import –substitution are highlighted in the researches of national and Russian scientists, namely by S. Davydenko, K. Lebedev, E. Nazarchuk, I. Dunaiev, T. Ostapenko, where they analyze reasons and consequences of imports growth. The problem of structural transformations in national economy has been researched by O. Amosha, S. Aptekar, S. Dorohuntsov, O. Horska, B. Kvasniuk, Yu. Makohon, and A. Melnyk. In addition, in the conditions of sustainable growth of imports the necessity arises in continuing researches concerning import-substitution in Ukraine.

Statement of the main material. The problems associated with the imbalance of foreign trade in Ukraine, had emerged long before the global financial crisis. The import growth rates exceeding the export growth led to imbalances in foreign trade, which increased the deficit of foreign trade balance.

Transformation processes that occur in the economy have aggravated significant structural imbalances of social production. Among them are the following: a growing focus on the raw material industry; high energy- and raw materials-

intensive production; a small volume of the final product; reducing the share of high-tech sectors in the structure of industrial production. The raw-biased industrial structure is focused mainly on exports, making industry and the economy in general dependent on external markets, and deterring the development of the domestic market.

Ineffective structure of production and foreign trade does not meet the needs of the domestic market of Ukraine. The existing imbalance between exports and imports of goods increases the deficit of foreign trade balance. Overlap ratio of imports over exports declined in 2010 and made 0.85. In the commodity structure of exports the products with lower gross value added dominate and in the structure of imports a large proportion accounts for high-tech products. Imports of industrial goods over the last decade increased almost 4-fold, while domestic production increased only by 3.2 times [2].

The result of the structural industrial imbalance is the growth of import dependence. Thus, we calculated the index of import dependence rate in 2010 by industries, and it showed that the highest figure was observed in fuel and energy sector (74.7%), in textiles (72.3%), in chemical and petrochemical industries (56.3%), and in engineering it made (46.4%).

Imbalance of foreign trade flows is directly caused by non-optimal structure of national production. During 2000–2010 the major structural deformations of industry were not overcome, including these between mining and manufacturing sector; between the traditional industrial and advanced science absorbing industries; between export- and domestic- oriented sectors. Within the structure of Ukrainian industry so far the dominance remains of energy-intensive and raw material industries under significant dependence on energy imports. The industries producing raw materials and energy resources, are accounting for about 2/3 of total industrial output, and the products of social orientation constitute only 1/5 of total industrial production [3]. This led to an increase in expansion of imported soft goods on the internal market of Ukraine.

Degradation of the structure of industrial production is the result of structural changes occurring directly in the middle of manufacturing industry in favor of the production with low share of gross value added in gross output. In the structural processes of Ukraine's economy the growth rates in the share of manufacturing industry in gross value added is low. Thus, with increasing share of manufacturing industry in the production structure from 36.9% to 39.2%, its share in gross value added for ten years remained 21% [4, p. 116].

Our analysis showed that starting from 2001 to 2010 there were no significant changes in the structure of industry. The largest share in the industry during this period is the steel industry, which ranged between 18,0–18,8%, machine building – 10,2–10,9%, manufacture of food products, beverages and tobacco products – 16,6–18, 0%, and the lowest share the textile industry makes, accounting for 0.6–1.0%.

Industry is the largest sector of Ukrainian economy, which produces about 40% of the total output of goods and services, 80% of their exports. It creates more than 30% of the gross value added [5]. However, if mainly logistical and energy raw produce of low levels of processing is exported, the imports, on the contrary, consists of high-tech products of deep processing and final consumption goods. These conditions require reformation of «traditional» industries and the development of high-tech industries.

Improvement of energy sector structure, and reducing of energy consumption is of great importance for Ukraine's economy.. Energy intensity of GDP in Ukraine exceeds the average energy in the developed countries by 3.2 times. In fuel industry it is necessary to modernize the refineries, which provide deep processing of oil. This will enable to change the product range in the direction of the growth of light oil, growth in shipments of raw materials (aromatic hydrocarbons) for chemical complexes that are imported in large volumes To reduce domestic economy dependence on energy imports is partly possible through the use of alternative energy sources (bio fuels, biomass, etc.)

One of the conditions for implementation of the Energy Strategy to 2030 is adoption at the state level a series of programs, including «Program of the Development of Alternative Energy Sources». Today the Ukraine's cooperation is intensifying with the countries of advanced technologies for shale gas. Thus, on February 15, 2011 a Memorandum of Understanding was signed between Ukraine and the United States under which the U.S. State Department will fund the assessment of the «alternative fuels» – [6, p. 26]. It is worth noting, that two leading international energy companies – «Shell» and «Chevron» at the end of 2010 applied to the Cabinet of Ministers of Ukraine with preliminary request for participation in the development of Ukrainian gas fields of alternative energy sources [7].

Lack of consumer goods supply at the domestic market led to significant imbalances between supply and demand. The solution of this problem to some extent is connected with the saturation of the domestic consumer market with goods of domestic production. Import expansion greatly affected most food products and textile industry, which created some threats to economic security.

The critical situation occurred in the food sector. The food danger today is created by sustainable growth of foodstuffs imports. Imports of food products in domestic consumption is about 30%, which significantly exceeds the maximum level of food security (no more than 25%) – [8, p. 103].

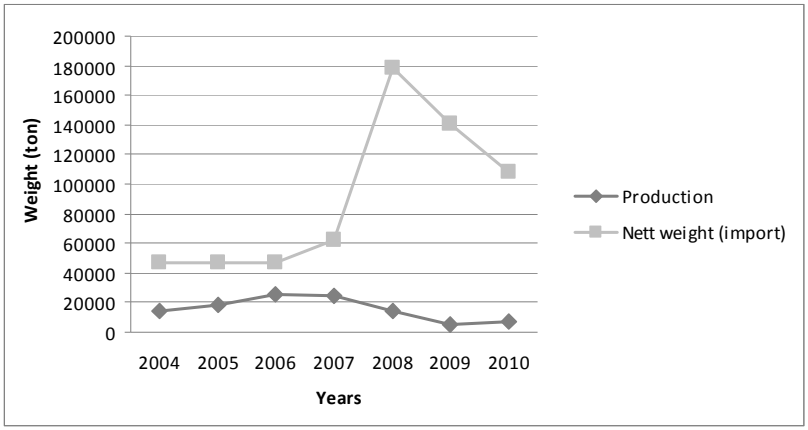
In the post-crisis period there is observed a slow recovery in the food industry, which caused increase in consumer food prices that adversely affected the purchasing power of households. Our analysis showed a positive dynamics of Ukraine's foreign trade in products of food industry, which is shown by a gradual increase in balance: from negative in 2005 (–163216.7 thousand US dollars.) to positive in 2010 (+66140.2 thousand US dollars.).

After the liberalization of foreign trade in certain segments of the consumer market (meat, dairy, fruit) the displacement is occurring of domestic with imported products. The supply of imported canned fruits and vegetables significantly increased, which provided a wide range and high output quality. In value terms, imports of meat and food by-products during 2005–2010 years increased almost by 7 times. Firm dependence on imported supplies of meat emerged in Ukraine due to the reduction of domestic production (in Ukraine – 41.1 kg per capita, while in the United States – 112 kg, Brazil – 103 kg, France – 90 kg) – [9, p. 125].

The computed figure of import dependency on the basis of ratio of imports to production volumes (in value) shows the growth of import dependency in many food products that are the basis of the food ration. The highest level of import dependency was observed in the commodity group for pork, the rate of which in 2010 reached up to 63.3%, and the most stable indicator of meat and poultry made 19.8%. One of the reasons for decreased production is the reduction of the number of cattle in farms of all categories. In recent years the production of pork has been reducing, which led to an increase in imports (Fig. 1).

Figure 1

Dynamics of production and import of pork

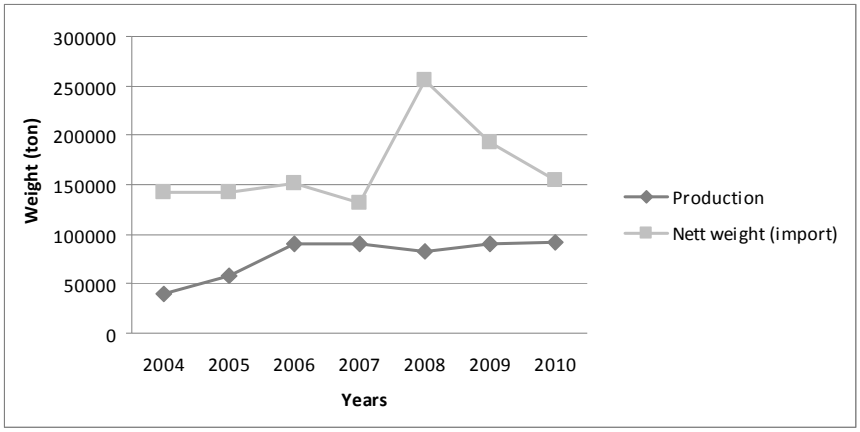


Source: developed by the author on the basis of the State Statistical Service of Ukraine and State Customs Service of Ukraine.

Poultry production is strongly tending to grow, resulting in reduction of import (Fig. 2). It should be noted, that Ukraine in recent years, practically does not produce or import a lamb meat, though in 2004 its production amounted to 200 tons. This is caused not only by a decline in production, but also by tastes of consumers.

Figure 2

Dynamics of production and import of poultry by products



Source: developed by the author on the basis of the State Statistical Service of Ukraine and State Customs Service of Ukraine.

The obstacles to the resumption of national meat production are as follows: poor raw materials; lack of clear control over the movement of raw meat in the country; high interest rates in the domestic market under the need of significant upgrade of logistics and implementation of innovative technologies.

Significant growth of import dependency was observed in the commodity group of «fruits and berries» – at the level of 60–62%, which is almost two times higher than in 2004. The main problem is that the dynamics of growth of food imports is much more resistant to other than the variable by year dynamics of growth and development of domestic agricultural production, which is largely due to the risk of producing in this area. In addition, Ukraine's WTO membership expanded the access of agricultural products import. Reducing of the average level

of protection is seen from 21.1% to 10.7%, which intensified competition on the side of foreign products in domestic market [10, p. 68]. Ukraine also joined the 16 sectoral agreements that provide for the zeroing of import duties for a number of commodity groups, the term transition period of which had already elapsed [11, p. 5]. Thus, the increasing of Ukraine's import dependency, on the one hand, requires the protection of the internal market, and on the other hand, the WTO membership will require the gradual liberalization of foreign trade. In these circumstances there is need for mechanisms to control imports in the direction of harmonization of these tasks.

Light industry also needs promotion for import-substituting production. The structure of production in light industry is deformed. Import exceeds export in many commodity groups. This includes leather goods, textile, footwear, and pulp and paper production. If the surplus from the export of raw materials, like leather and raw skins in 2010 amounted to $US 50.14 million dollars, the imports of leather products deficit made $ 53.52 million. This indicates a lack of development in this segment of the domestic market of processing enterprises for producing a high-quality finished product to meet the consumer demand. Therefore, the development of import substitution in leather industry should be developed in the direction of producing finished products using its own raw skin, which is exported currently in large volumes.

It is worth noting, that the light industry worldwide is one of the leading sectors of the economy that increasingly provides the formation of the state budget and is an important factor for the development of chemical and engineering industries, agriculture and so on. However, in Ukraine, these areas of activity for many years are in a state of systemic crisis caused by several factors, namely: the inflexibility of large enterprises; outdated equipment and technology; financial instability of enterprises, etc. The internal market of light industry in Ukraine is currently composed of 80% of imports, and only 20% of domestic goods. This imbalance in the structure of the market intensifies competition from importers and dependence on imports, especially of textile products. Therefore, import-substituting production should be developed, primarily in the textile industry, which is conditioned by tending to steady growth in imports. The vast majority of textile enterprises «survive» through tolling schemes of production. Such schemes are still used by many enterprises of light industry in the manufacture of clothing, footwear, and other leather products. In the strategic future production by tolling schemes does not stimulate domestic producers, and does not create a stable value added. The use of a closed production cycle (from design to sales of goods in the market) would saturate the domestic market with local goods.

The use in the manufacture of imported (customer-supplied raw material) increases the dependence of the textile industry. The production of the textile industry has to «revive» the use of traditional for Ukraine raw materials, like wool, flax, genuine leather, and chemical fibre. In addition, raw flax can be used to produce modified textile fibres, the demand for which in recent years particularly in-

creases not only in Ukraine but also in other countries. Application of cottonized flax fibres can provide 40–50% reduction in demand for imported cotton [12, p. 73]. This will enable not only to reduce the import of textile raw materials, but also gradually to get rid of the use of production tolling schemes.

With growing trans- nationalization of production, in the manufacturing of textiles and readymade garments the greatest importance acquire international subcontracts and licensing agreements against the forms associated with the acquisition of foreign assets. Ukraine may serve as a subcontractor in the production of textile products, applying the advanced technologies of the developed countries. Thus, for example, the Japanese textile firms have established an extensive system of sub-contract relationships with the countries of the Southeast Asia. A model of offshore production is used by German companies, mainly with a focus on Eastern Europe, North Africa and the countries of Mediterranean basin.

The development of import substitution must be done in chemical industry. To reduce the import dependency there, first of all, should the competitiveness of domestic products be improved; used energy efficient technologies; expanded the range of substitutes for imports. Ineffective structure of production is particularly noticeable in the chemical industry. Thus, the state supports the export production of nitrogen fertilizers, the raw materials for which is a deficient natural gas imported to Ukraine. At the same time, in recent years there has been increased the imports of organic compounds, pharmaceuticals, dyes and tanning extracts, soap and detergents, plastics, synthetic yarns and man-made fibres, i. e. the products that traditionally were produced in Ukraine. Therefore, one could argue that in the chemical industry there is a considerable potential for import substitution, despite the fact that the balance of foreign trade is positive.

The areas of import substitution in chemical industry should be directed at enhancing the processing and manufacturing of finished products involving domestic raw materials and full capacity utilization. To reduce imports the production of scarce species of high technology products should be expanded, primarily pharmaceuticals, polymers and plastics, organic compounds, and cosmetic preparations. Currently a draft project of import substitution in the pharmaceutical industry is designed, which includes the development of domestic innovative medicines. Therefore, it can be argued that in the chemical industry there is considerable potential for import substitution, despite the fact, that the balance of foreign trade is positive.

In general, national industry remains technologically dependent on imports of modern technology and knowledge-intensive goods [13, p. 85]. As against the developed countries Ukraine has a low-technological structure with almost 70% of primary sector. In Ukraine, only 6.0% of total realized industrial output can be regarded as innovative, while in the U.S. – it makes 78%, in Japan – 67%, in the European countries – 60%. According to national legislation and the Law of Ukraine «On Scientific and Sci-Tech Activity» state budget expenditures for sci-

ence have to be not less than 1.7% of GDP, but in fact, this figure is less in half [14, p. 210].

Technological structure of the economy has been got significantly worse. Structural changes that occurred in recent years are characterized by lagging behind. At present, the output of the third technological structure is almost 58%, while of the fourth – 38%, and of the fifth – 4% [15].

The increasing of foreign trade balance deficit is also caused by a high dependence of the Ukrainian economy on imported machinery, equipment, machinery and vehicles, the volume of which in the structure of merchandise imports in 2010 amounted to almost 21%. Ukraine lost its position in the markets of electric machinery and equipment, the imports of which in 2010 reached 3.6 billion U.S. dollars. Also Ukraine is unable to resist the expansion of imported cars (1.7 billion dollars).. The market share of domestic machinery production dropped to 22.4% versus 41.1% in 2005. The import of goods related to Ukraine's preparations for Euro-2012 increased, namely: electrical machinery (by 1.6 times), railway rolling stock (by 3 times), and vehicles, except passenger cars (by 1.7 times) – [16]. In recent years, Ukraine has not only significantly reduced the export of agricultural machinery, but also greatly increased their import. However, privatization in agriculture requires application of modern technology that is not yet produced in Ukraine in sufficient quantity. In these circumstances, the government plans to support domestic producers of agricultural machinery through direct state-guaranteed order and cheap credits, and also the restrictions on the import of second hand imported products [17]. In addition, import promotion of new technologies is expected, and the creation of foreign manufacturers' own productions in Ukraine. With this purpose it is planned to speed up authorization procedures, allocation of land, and creation of necessary infrastructure. It is provided to localize production of at least 80% (local production of most components). Quite a high dependence on imported high-tech products is peculiar to Ukraine. This primarily refers to import of electrical, electronic and optical equipment.

Reducing of import dependency in machine-building complex will be possible due to restructuring and organization of new productions that will complete technological cycles, and also due to reorientation of the companies to produce innovative products. Important role in this process belongs to conversion of military-industrial complex enterprises, and attraction of foreign investments.

Following from the above, it can be argued that Ukraine has a deformed structure of industrial production, which is largely conditioned by the growth in imports. Therefore, the stimulation of import substituting production is essential in the process of industrial restructuring.

Structural changes are observed in the agricultural sector. This is especially true to the imbalances in livestock and crop production. Ratio of gross output of crop and livestock in recent years constituted 70% and 30% respectively, which is inefficient in terms of optimal specialization of agro-ecosystem. One of

the main reasons for this situation is the decline in production and lack of broader range of domestic products.

Analysis of structural changes indices in animal and plant production in major products showed that the rate of production of vegetables and fruits, and milk exceeds the rate of their realization. The index of structural changes of fruit crops for the period of 2001–2010 is within 60–80% against an index of structural changes in their realization making 30–45%. The situation is opposite respectively grain crops, livestock and poultry. Ukraine faces the problem of fruit crops and milk sales. Mitigating the customs policy and weakening the protectionist policy of Ukraine after entering the WTO has led to significant negative trends in the commodity structure of trade. Dynamics of structural changes in the share of raw materials over the past two years in average export grew to 40% (in 2003 it was only 10%). In imports, on the contrary, the share of finished products increased up to 60% (2003 – 30%) – [18, p. 29].

For efficient use of agricultural potential it is necessary to increase not only the share of a more competitive crop production, but also of a less competitive livestock. For the development of animal husbandry there is required the state targeted support of farms, which will enable to increase the production of meat and dairy products. To cope with the imbalances in the structure of foreign trade of agricultural produce (prevalence in raw materials for exports, while for imports – in the finished product) there our own production of final consumption, i. e import substitution should be increased.

The growth of import substitution will promote food security of the country. The main objects of import substitution in agriculture are: vegetables, fruits and berries, protein and vitamin ingredients for animal fodder, meat and meat products.

Today in Ukraine there are no long-term concepts and programs of agricultural production development (for 10–15 years or more). In this context, the government support and regulation of agricultural production is mainly for the short term (for one year period), which is focused on current needs of agriculture. There a need has arisen to resume the practice of public long-term socio-economic forecasting.

Stimulation of import-substituting production requires additional financial resources, which are scarce for most domestic enterprises. This is caused by the deterioration of their financial status. Thus, in 2010 the share of unprofitable enterprises increased to 45.5% (in 2009 it was 41.5%) of the total [19].

Under conditions of limited opportunities for budget support and lack of own resources an important mechanism for financing the import substituting production must be bank lending. The use of monetary policy in the strategy of import substitution should be implemented by the National Bank. To achieve this, the NBU should more actively use the mechanism of refinancing banks [20, p. 15].

Import-substituting production, especially industrial production, is funded at the expense of long-term loans, whose share in the structure of loans remains low. Thus, the loans provided to the industrial sector in 2010 by original maturity over 5 years in the mining industry accounted for 6.7%, in processing – 15.5%, in manufacturing and distribution of electricity, gas and water – 2.3%. At the same time, interest rates in 2010 as a result of the gradual strengthening of the banking sector declined compared to 2009, and made in the mining industry 14.1%, in processing – 13.8%, in manufacturing and distribution of electricity, gas and water – 15.3% [21]. To encourage import substitution it is necessary to apply mechanisms of monetary policy, including the use of concessional loans (the banks are to compensate the difference from the state budget) for the priority import substituting industries, as well as to create advantages in obtaining loans for investment in equipment, and procurement of modern technology. At that, it is possible to implement the mechanism of state guarantees on account of the state budget for insurance and investment and banking risks in import-substituting production, as it is practiced in Belarus.

The application of monetary system in relation to the regulatory influence of the state on the development of import substitution can be seen in lower lending rates provided to these commercial entities that produce import-substituting goods. To increase the share of long-term credits it is necessary to apply tax breaks for the engaged banks, also for the mechanisms of public, private and syndicated loan guarantees, and to determine the criteria for government guarantees, as well as to establish programs in the commercial banks for providing loans for businesses that produce high-tech substitutes for imports. With this aim in view, it is necessary to recommend the NBU to elaborate measures to encourage such banks (benefits as for their refinancing, etc.). It is worth introducing special tools for insurance and reservation of long-term loans, in particular, providing an appropriate support for the provision of such loans by the National Bank.

The strategy of the National Bank of Ukraine's monetary policy should be aimed at achieving the growth of production, providing the appropriate level of liberalization of credit relations with commercial banks, aimed at facilitating access to credit resources for economic entities. The main task of the NBU is to create objective conditions for the accumulation of savings by enterprises and citizens, and their subsequent transformation into investments into production. These prerequisites, which are in the competence of the Central Bank is the stability of inflation and of exchange rates, and low tax rates. To achieve these objectives there should be directed the operation of all the monetary mechanism of the regulatory impact of the state on the economy [22, p. 310].

Loans for agricultural producers have a number of problems, namely: the high price of credit, absence of guarantees for repayment; high costs of banks in providing services, and others. According to the Ministry of Agrarian Policy of Ukraine, about 64% of farms need long-term loans, 16% – medium and only 10% –

short-term loans. [23].To solve these problems will be possible due to the implementation of an effective agrarian policy, land mortgages, and reducing interest rates. For the organization of public investment in agro-industrial complex, it is worth creating a number of institutions, in particular, including a special fund of supporting such investments (in the form of non-profit organizations, that will accumulate and manage the investment resources, which are intended for projects to be implemented in agro-industrial sector [24].

Possibilities of using state budget funds to finance industry are limited because of its substantial deficit, the amount of which in 2010 made 64.2 billion USD. [25]. Financing of the processing industry from the State budget in 2010 compared to 2006 decreased by 5.1%. The most funding accounted for fuel and energy complex (mainly the coal industry and other petroleum producing areas), which for the period of 2006-2010 increased by 38.6%.

To improve the efficiency of fiscal expenditures to finance industry, and government support of import substituting high-tech industries the following actions are required:

- to develop and submit to the State budget the targeted programs for funding high-tech industries and sectors, and financing of research infrastructure in the industrial sector;
- to develop a unique list of high-tech products of domestic production based on a single international standard High Technology Products List – SITC, which will define the priorities of state financial support for high-tech industry [26].

Under condition of a shortage of the companies' financial resources there can be offered alternative mechanisms for financing import- substituting production, i.e. primary placement of securities on the stock market, means of a joint institute of investment (surplus funds of the population) which have not yet acquired sufficient development in Ukraine.

The development of joint investment institutions (JII) allows turning free population's funds into effective investment resources, to significantly expand funding opportunities for the industrial sector, including innovative projects of creating high-tech products. In Ukraine, a number of JII has been growing. Thus, if at the end of 2007 there were 834 mutual funds, at the end of 2009 – they amounted to 985.

To raise capital on a long-term basis in the world there is also used primary placement of securities in the form of a public listing on international stock exchanges – Initial Public Offering (IPO). For the past five years, the Ukrainian companies had 59 major placements; with 6.2 billion USD attracted Securities of Ukrainian issuers were located mainly in Warsaw and London stock exchanges.

To stimulate the companies' investment into the industry manufacturing import-substituting high-tech products it is necessary to reduce the tax burden**.** For enterprises implementing innovations differentiated tax rates should be applied through amending Section V «Peculiarities of Taxation and Customs Regulation of Innovation Activity» of the Law of Ukraine «On Innovation Activity» of 04.07.2002, № 40-IV [27], and also via changes made in the Tax Code of Ukraine. It should also be introduced a system of targeted use of depreciation funds for the purpose of investing in production [26].The tax rate on income should be reduced in respect of that part, aimed at investing in agri- industrial complex (primarily, in agriculture). Also, it is worth extending benefits not only for direct investors, including the foreign ones, but also for all participants of the investment process (banks and other credit institutions, leasing structures, insurance companies, contractors). In the existing situation stimulation of foreign investment in agricultural sector is a real alternative to the import of finished products.

Industrial policy should promote import substitution economic sectors, primarily, through capital mobility, providing of temporary assistance, creation of the State Bank of Industrial Development, which is to finance companies that produce import substituting products, creation of closed technological cycle of final products manufacturing [28].

Mechanisms for trade policy should include the expansion of non-tariff regulation methods permitted by the WTO, in particular, licensing, certification, technical, phyto-sanitary, and environmental adjustment methods.

Improving mechanisms to encourage import- substituting production will enable to reduce the import of products that the country manage to produce itself, and will contribute to overcoming the structural changes in national economy.

Conclusions. It is stated, that the potential of import substitution of various degrees practically exists in almost all sectors of national economy. Import-substituting production in the medium term should cover the food, textile, chemical, paper and cellulose industries and agriculture. In the engineering sector, import substitution is possible through international cooperation. Partial reduction of energy imports is possible through the use of alternative energy sources. Stimulating the import-substituting production causes imbalances in foreign trade and optimizing of sector structure of national economy in the direction of reducing energy and material consumption of production and it contributes to the formation of a socially-oriented economic system.

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