

## FORMATION OF THE PRINCIPLES OF IMPORT SUBSTITUTION IN THE COUNTRY'S ECONOMY

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Import substitution is a very important issue of the formation of the state as a system, directly related to the problem of increasing its independence and autonomy. For Ukraine, this problem is especially important at the present time. The war with Russia, the reduction in business revenues and the devaluation of the hryvnia made it impossible to maintain imports at the same level. But at the same time, the prerequisites for the most effective implementation of the import substitution policy, the need for which in modern Ukraine is necessary, have appeared is defined by many authors as an opportunity to get rid of dependence on imports and ensure the economic security of the state.

In economic dictionaries, the term "import substitution" is mainly considered as a reduction in the volume of imports by introducing customs restrictions in order to free up the domestic market for substitute goods of national production. Also, import substitution – is a separate direction of state policy, the purpose of which is to improve the ratios of domestic production, import and sale of goods and services in the domestic market. through the stimulation and development of the competitiveness of the real sector of the economy and adequate restraint of imports, and the improvement of the trade balance of the state. The main result of a highly effective policy of import substitution will be an increase in the share of goods and services that were produced in the country in the total volume of domestic consumption [1-13]. The main feature of this definition is that the function of the state is manifested not in the participation of the state in the economic process as an entity, customer or key investor, but in the fact that it creates conditions, in which the development and production of industrial products become attractive enough for the emergence and development of entrepreneurial initiative and investment activity in this direction. The policy of import substitution includes all aspects of the state's activities aimed at the development of import substitution processes, but the key link in it is the industrial policy of the state [4, 6, 9, 11]. It is its intensity and efficiency that determine the result of all industrial development based on import substitution.

To the principles of the policy of substitution, I propose to include:

1. Time constraints, that is, measures to support producers and the goals set should be indicated in time and fit into a strict time frame.

2. Openness of the economy – the economy develops only in the case of a constant influx of new technologies, investments, equipment, highly qualified specialists into the national economy. If the economy remains closed, then there will be low competition in the market, production will be extremely slow to update, technologies will not improve, and in principle, the entire economic system will experience a decline.

3. Strategic nature - the policy of import substitution should be aimed at the medium and long term for better implementation. Such a vision can give stability and

sustainability to the entire economic system, and therefore create guidelines for investors and entrepreneurs.

4. The predominance of economic incentives over directive management – it is impossible to neglect the objective laws of the economy and create too favorable and hothouse conditions for economic activity, since this decision can lead, albeit to the initial positive effect, after - to self-isolation from the world economy and to lagging behind both in technological terms and in competitive terms.

In this regard, they have two main approaches to model strategies for import substitution:

1. With the strategy of economic development - links production and innovation, while focusing on the replacement of imported simple goods with domestic ones and the production of national substitutes for technologically complex imports.

2. The strategy of conservative modernization focuses on changes in technologies in existing sectors of the national economy. The tools of this strategy are similar to the strategy of economic development, but are applied on more liberal principles through state sectoral development programs, tax incentives to exporters, etc.

Thus, the role of the import substitution policy in the system of ensuring the economic security of the country is characterized ambivalently, taking into account the ambiguity of the impact of imports on the national economy. Excessive imports, the liberal policy of the state and, as a result, the high level of competitiveness of imported goods lead to the overwhelming influence of imports in the domestic market, where it is quite problematic for their own producers to break through.

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