

## **PANEL 2. MODERN TRENDS IN THE DEVELOPMENT OF THE WORLD ECONOMY. REFLECTION OF GLOBAL BUSINESS TRENDS IN THE ECONOMY OF THE REPUBLIC OF BELARUS**

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### **THE IMPACT OF IMPORT SUBSTITUTION ON THE CONSUMER HABITS OF THE CITIZENS OF BELARUS**

Society is a dynamic system, and it constantly changes its states. Shifts in the state of society we can call social changes. Factors that cause social change are a variety of circumstances, such as changes in the environment, the dynamics of the size and social structure of the population, global factors, etc. The driving forces of social change can be transformations in both economic and political, social and spiritual spheres, but with different speed and strength, the fundamental nature of the impact.

One of the types of changes, which will be considered in this article, is changes in habitual grocery consumption.

The relevance of the study of import substitution in the trade of the Republic of Belarus is determined by the fact that trade is an industry with the maximum added value (that makes it the most profitable). Accordingly, it is in the interests of the country that this maximum added value remains in Belarus.

The object of our study was the retail trade in food products in the Republic of Belarus. The subject of the study is changes in the grocery shopping habits of ordinary people.

Import substitution is the idea that blocking imports of manufactured goods can help an economy by increasing the demand for domestically produced goods [1].

Import substitution industrialization (ISI) is a theory of economics typically adhered to by developing countries or emerging market nations that seek to decrease their dependence on developed countries. The approach targets the protection and incubation of newly formed domestic industries to fully develop sectors so that the goods produced are competitive with imported goods [2].

Now many developed countries are striving for import substitution because of the following factors:

1. import substitution stimulates the development of small businesses;
2. it increases the level of the country's GDP;
3. it forces companies to create workplaces within the country;
4. tax deductions go to the country's budget, without possible deductions for purchases from other countries.

But sometimes this measure is forced due to external factors, such as sanctions, embargoes and trade restrictions. The Republic of Belarus has faced these issues for the past few years. That's why we decided to conduct research related to this topic. However,

we narrowed it down to the sub-category of grocery shopping, since everyone could feel the changes in this area [3].

Now then, we have interviewed 33 people within the age from 18 to 30. Among them were 25 women and 8 men. The results are the following:

– When buying products, price was chosen as the most significant factor (27 people out of 33 voted for this indicator). The second and third place were the country of origin (14 out of 33) and the advice of friends (13 out of 30), respectively. The most unimportant factors were quality, personal preferences and ingredients – 1 out of 30 (note: in this question people could choose more than one answer);

– While shopping for groceries, 45.5% of interviewees said they had noticed **significant** changes in the assortment over the past few years, 48.5% of respondents told about **moderate** changes, and only 6.1% mentioned about **weak** changes;

– About 57.6% of interviewed people have told us, that they had to look for replacements for certain products, while 42.4% of respondents hadn't faced with this problem;

– While 42.4% of participants said they didn't have any problems with replacement, only 21.2% have mentioned they could solve this issue and 36.4% of people couldn't find similar products;

– The current state of the respondents said that 75.8% of people hadn't shifted their grocery consumption habits, 21.2% have announced they had begun to buy less, due to absence of desired products and 3% have mentioned they had started to buy more.

Among the most common products people would like to return are:

- Meat and dairy products, such as yogurts and different types of cheese (especially bri, dor blue, camembert, parmesan);

- Chocolate and sweets, in particular Kitkat, Kinder, Haribo, Lindt and Milka;

- Canned and frozen vegetables (spinach, mixed vegetables) and berries (cherries);

- Chips (Estrella, Pringles), crackers (Tuc), Oreo cookies with filling;

- Carbonated drinks, ready-made tea with flavors (Lipton);

- Fresh fish;

- Cereals.

To sum up, we would say that despite the fact that 96% of the respondents marked significant or moderate changes in the assortment of regular grocery stores, about 70% haven't shifted their consumption habits noticeably. There are still about 25% of people who couldn't deal with the absence of some types of products (almost all of them were produced by the EU).

From the foregoing, it follows that import substitution is a process as a result of which the foreign market is affected by the production of products with the help of national capacities. As we see, import substitution makes it possible to attract new trading partners and increase the share of domestic products in the market, increase the level of cooperation and subcontracting among organizations in Belarus, form a support system for importing companies, and increase the number of enterprises engaged in import substitution.

So, as the main trading partner of Belarus, Russia is very interested in the development of import-substituting projects with Belarus. The joint efforts of both countries have led to an increase in import substitution in Belarus, and also enabled Belarusian companies to supply new products to the neighboring market [4].

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#### THE ROLE OF MONETARY POLICY IN ACHIEVING PRICE STABILITY

In the process of functioning, the state carries out political activities in various spheres of society. The economy as a whole, as well as its individual elements, such as price, finance, credit, money circulation, foreign exchange relations are the object of this activity. One of the main goals of economic policy is the achievement of macroeconomic stability, i.e. in terms of the national economy, inflation is at a low level and manageable, and there is also stable long-term economic growth.

In the Republic of Belarus, in accordance with the Banking Code [1], the main long-term goal of monetary policy is to protect and ensure both external and internal stability of the Belarusian ruble, including its purchasing power and course in relation to foreign currencies. To achieve this goal, the National Bank in different years used various intermediate targets, or benchmarks and indicators of monetary policy.

For a long period (2001–2011), the National Bank used *the targeting mode of the exchange rate*, which suggested the impact on inflation through the exchange rate. However, the experience of targeting the exchange rate in Belarus confirmed the impossibility of effective use of this strategy for a long-term base due to several reasons [3]: 1) starting since 2014, amid the growth of public debt, the level of gold and foreign exchange reserves, on which the target value of the exchange rate depends, has decreased;