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STIMULATION OF DOMESTIC GOODS SALES

The strategy of import substitution in the national economic policy, which provides the creation of conditions for the domestic production development, is mainly based on production capabilities and is aimed at ensuring the socio-economic and security needs of the country. Much less emphasis was placed on the possibility of substituting domestically produced goods for the demand of the population. Much less emphasis was placed on the possibility of the population's demand replacement with domestically produced goods. However, in view of social security, especially in the conditions of martial law, when there are disruptions in the supply of products, in particular imported products, the correlation between the industrial and trade sectors within the policy of import substitution seems to be unfairly underestimated. So the issue of taking into account the parameters of retail trade when determining the priorities of the national policy of import

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СТИМУЛЮВАННЯ ПРОДАЖІВ ВІТЧИЗНЯНИХ ТОВАРІВ

Стратегія імпортозаміщення в національній економічній політиці, яка передбачає створення умов для розвитку внутрішнього виробництва, переважно базується на виробничих можливостях і спрямована на забезпечення соціально-економічних та безпекових потреб країни. Значно менше акцент робиться на можливості заміщення товарами вітчизняного виробництва попиту населення. Однак, з огляду на соціальну безпеку, особливо в умовах воєнного стану, коли мають місце зриви у постачанні продукції, зокрема імпортової, взаємозв'язок промислового та торговельного секторів у межах політики імпортозаміщення видається несправедливо недооціненим. Тож актуальними стають питання врахування параметрів роздрібної торгівлі при визначенні пріоритетів національної політики імпортозаміщення. Відтак, метою статті є дослідження потенціалу впливу роздрібної



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substitution becomes relevant. Therefore, the purpose of the article is to investigate the potential impact of retail trade on the implementation of the policy of import substitution in the country and to determine the directions of trade business support for domestic production in wartime with the perspective of post-war recovery of Ukraine. Using the methods of analysis and synthesis, comparison, grouping and systematization, the article examines the level of import dependence of the retail trade of Ukraine in the pre-war period, which gives an idea of the potential of import substitution in the industry. Evaluating the product structure of retail turnover according to the criterion of the ratio of domestic and imported products made it possible to establish product groups, the domestic production of which must be supported and developed. Using the analysis of the dynamics of the commodity structure of imports in the prewar and wartime period, commodity items were identified for which supply chains were restored and for which there is a sufficiently high domestic demand, reflecting the needs of the market under martial law. Also, based on the analytical assessment of the levers of influence of trade business on its supply chain partners – domestic suppliers, the directions of its support for domestic, import-substituting production have been determined. The involvement of trade enterprises in the implementation of the national strategy of import substitution with the perspective of post-war reproduction involves the transformation of approaches to the integrated management of supply chains.

Keywords: strategy of import substitution, import dependence of trade, supply chain participants, suppliers, trade enterprise, retail turnover.

JEL Classification: D 51, 81; E 66; F 13; L 14, 81.

Introduction

Martial law in the country despite the destruction and damage caused by hostilities cannot be a reason to suspend the formation of a strategic vision for the development of the national economic system. On the contrary, right now during the war, it is necessary to lay a solid foundation for the recovery, restructuring and development of the domestic economy in the post-war perspective. And the key role here should be played by the industry which is oriented to domestic needs and in the long run to the growth of the country's export potential. In order to achieve such goals it is appropriate to use the instruments for import substitution policy. In this regard, its focus should not only be applied to the strategic sectors of the national economy to which in

торгівлі на реалізацію політики імпортозаміщення в країні та визначення напрямів підтримки торговельним бізнесом внутрішнього виробництва у воєнний час з перспективою повоєнного відновлення України. З використанням методів аналізу та синтезу, порівняння, групування та систематизації, в статті досліджено рівень імпортозалежності роздрібної торгівлі України у довоєнний період, що дає уявлення про потенціал імпортозаміщення в галузі. Оцінювання товарної структури роздрібно товарообороту за критерієм співвідношення вітчизняної та імпортої продукції дозволило встановити товарні групи, внутрішнє виробництво яких необхідно підтримувати і розвивати. За допомогою аналізу динаміки товарної структури імпорту в довоєнний і воєнний період, виділено товарні позиції, по яких відбулось відновлення ланцюгів постачання і на які достатньо високим є внутрішній попит, що відображає потреби ринку в умовах воєнного стану. Також, спираючись на аналітичну оцінку важелів впливу торговельного бізнесу на своїх партнерів по ланцюгах постачання – вітчизняних постачальників, визначено напрями його підтримки внутрішнього, імпортозаміщуючого виробництва. Долучення підприємств торгівлі до реалізації національної стратегії імпортозаміщення з перспективою повоєнного відтворення передбачає трансформацію підходів до інтегрованого управління ланцюгами постачання.

Ключові слова: стратегія імпортозаміщення, імпортозалежність торгівлі, учасники ланцюга постачання, постачальники, підприємство торгівлі, роздрібний товарооборот.

Ukraine in the pre-war period included the defence-industrial complex, aviation, space, machine-building (including shipbuilding), metallurgical and chemical industries as considering the data on the volume and range of imports into the country, it is evident that the majority of it was related to consumer goods of mass demand. That is why, with the onset of the war, the problem of satisfying the demand of population with goods of a wide range and mass consumption became acute.

The issues of formation and implementation of import substitution policy are studied by a significant number of scientists, public figures and practitioners. Thus, the author of the monograph "State policy of import substitution in the system of ensuring economic security of Ukraine: priorities and implementation tools" R. Lupak (2018) revealed in detail the essence of the state policy of import substitution in the context of its impact on the national economic security of the country. Also methodological approaches to the analysis of the level of import dependence of the national economy and justification of priorities and tools for the implementation of import substitution policy are proposed in this work.

The work (T. Segal, 2021) is dedicated to the study of the essence, objectives, and conditions for implementing import substitution policies by countries around the world. The authors emphasize the expediency of its implementation by countries which develop market relations, given their aspiration to achieve economic independence and gain a place in the global markets of goods and services. The increased interest in the strategy of import substitution in the modern world is noted by Douglas A. Irwin in his publication (2020), while he was also pointing out the threats and possible negative consequences of its implementation.

In his research, A. Shevchenko (2023) emphasizes the urgent need to identify first-priority import-substituting industries in Ukraine, considering the prospects for post-war reconstruction. This statement is supported by a detailed analysis of Ukraine's dependence on imports from Russia and Belarus before the full-scale invasion of the Russian Federation and the determination of the potential for its replacement by domestic production.

The importance of implementing import substitution policy within the framework of a wartime economy is examined in the publication (B. Danylyshyn, 2023), which provides data on the rates of recovery in the real sector of the economy of several countries after the Second World War. The article emphasizes the need for implementing industrial protectionism tools and integrated regional development in Ukraine, taking into account the location of relocated enterprises. In the scientific report (L. Deyneko, 2022), the authors highlight the main strategic directions for the industrial recovery of Ukraine, including the need to saturate the domestic market with domestically produced goods.

At the same time, the issues of the interdependent development of trade and industry in the country remain insufficiently researched. Without proper attention and scientific understanding, there is a problem of determining levers and effective tools and means of cooperation between trade enterprises and manufacturers in supply chains aimed at implementing the import substitution strategy.

The purpose of the article is to determine the potential directions of influence of retail trade on the implementation of the policy of import substitution in the country and the development of domestic production in wartime with the perspective of post-war recovery of Ukraine.

The hypothesis of the article is the assumption that the trade business in Ukraine should become an active participant in the processes of formation and implementation of import substitution policy, taking into account the level of import dependence of retail trade in the pre-war period, the transformation of supply chains in the conditions of martial law and the need to restore the country's economy in the post-war perspective. The main directions of support for manufacturing enterprises by the trade business should include: analytical assessment of market demand with the identification of priority mass-consumption goods for the industry; procurement logistics tools oriented towards supporting domestic suppliers; informational, advisory, and coordination work within supply chains, and etc.

Scientific publications of Ukrainian and foreign scientists, analytical materials of specialized institutions and organizations, practitioners, statistical and analytical materials of the State Statistics Service of Ukraine served as the information base of this article. Methods of analysis and synthesis, comparison, grouping and systematization, graphic display of research results were used. The methodological tools of the research are applied in the following logical sequence: analysis of the levers of influence of retail trade on the processes and prospects of import-substituting production in the country; identification of strategic directions for the development of import-substituting production based on the assessment of the level of import dependence of retail trade of Ukraine, selection of product groups with the most positive dynamics of domestic production, assessment of the demand structure during the period of martial law; determination of the composition of tools supporting the interaction of trade enterprises with supply chain partners – domestic manufacturers and suppliers at the stage of planning and implementation of purchases.

1. Levers of influence of retail trade on import substitution policy

Trade entrepreneurship which performs an important social and economic role is one of the first to experience changes in the functioning of

supply chains with the beginning of hostilities in the country. First of all, it concerns disruptions, delays and eventually disruptions in the supply of consumer goods. So difficulties with the supply of imported products are becoming especially noticeable. That is why trade enterprises are more actively looking for alternatives to imported products in the domestic market, striving to provide the demand with the necessary range and achieve acceptable profitability indicators. Accordingly, the strategy of import substitution in the procurement logistics of trade enterprises becomes one of the means of ensuring uninterrupted supply, reducing risks and creating conditions for the development of domestic production.

By focusing on consumer needs reflected in the structure of domestic trade, the assortment of purchases of trade enterprises is formed, which can serve as a reference point for the assortment policy of import substitution. In particular, the identification of promising import-substituting industries can be based on the analysis of the product structure of retail trade during the pre-war period, comparing the share of separate product groups in retail turnover with the proportional contribution of domestically produced products within it. In this way, the level of import dependence in the trade sector is assessed. In addition, when determining the potential for expanding import-substituting production capacities in the country, it is important to identify those product categories that had a positive trend in their share of retail turnover for goods manufactured in Ukraine during the pre-war period. Because these are the goods which already have demand in the domestic market, their manufacturers are participants in the supply chains in trade.

The assessment of potential and the directions for implementing the import substitution policy in Ukraine should be based on an operational analysis of the structure and dynamics of trade and industrial production during the war. In particular, a change in consumer priorities, the destruction or relocation of production capacities of participants in supply chains in trade should be taken into account when adjusting the commodity structure of import-substituting production.

The focus on trade indicators when determining the priorities of import substitution policy also involves analysing the state, dynamics, and structure of imports of high demand products during the war. Such information indicates the most in-demand products in the domestic market, the demand for which cannot be met by domestic suppliers.

In general, the cooperation of trade enterprises and domestic suppliers in the process of promoting the implementation of import substitution policy should take into account the interests of all participants in supply chains. And its result should be the development of a complex of compromise solutions, tools and measures aimed at supporting import-substituting production by domestic trading companies (*Figure 1*).

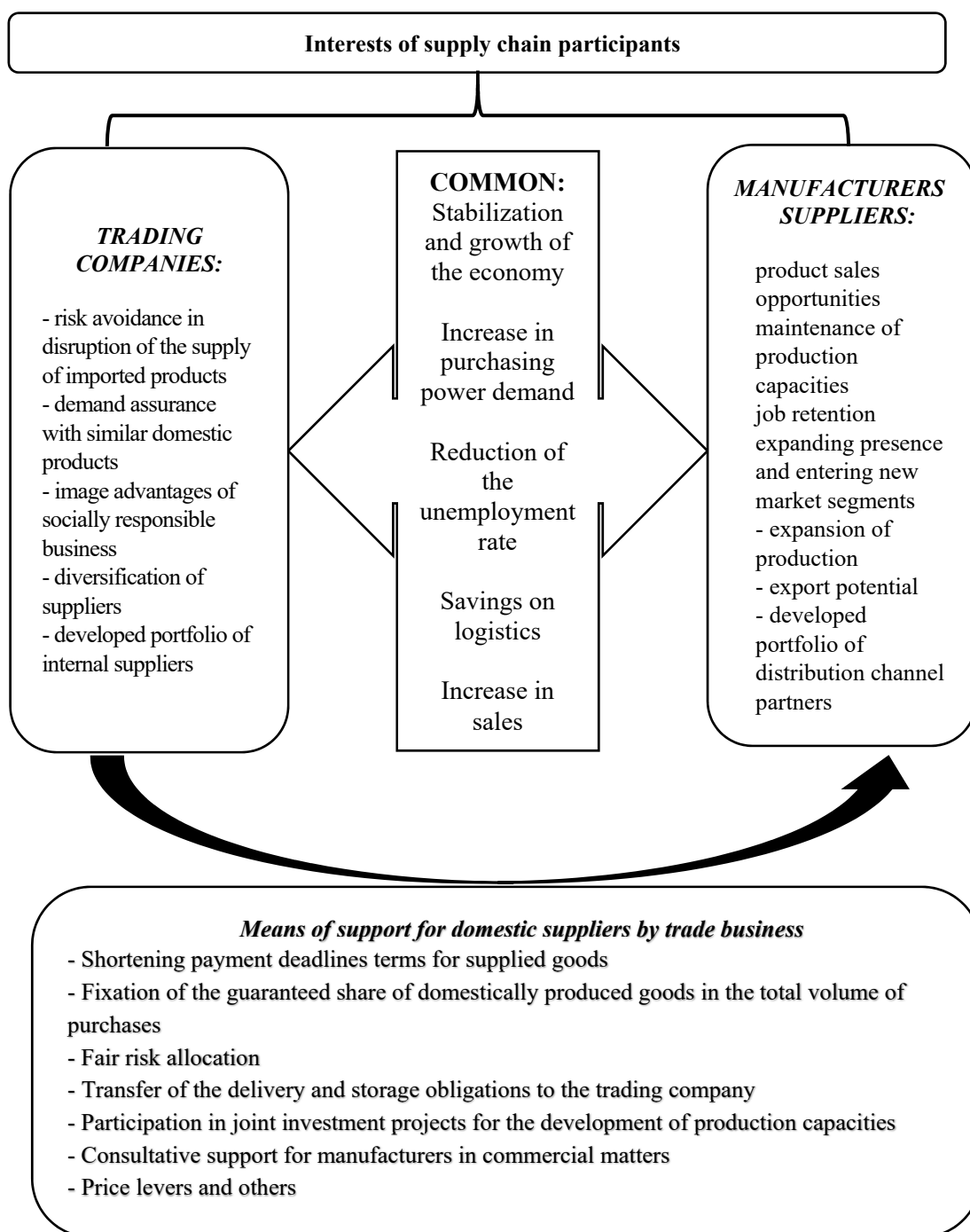


Figure 1. Means of promoting import substitution by trade enterprises

Source: compiled by the authors.

Therefore, thanks to the analysis of retail trade in the pre-war period and during the war, as well as active initiative actions of trade enterprises in cooperation with domestic suppliers, promising directions for import substitution should be outlined, including with regard to the post-war recovery period.

2. Promising directions of import substitution in the retail trade of Ukraine

Analyzing the retail turnover of Ukraine in order to determine the potential opportunities and promising directions for the substitution of imported goods with analogues of domestic production, it is first necessary to determine the main import-dependent positions. With the beginning of hostilities, as a result of the destruction of international supply chains, the shortage of such goods is most noticeable, and therefore, they can become a reference point in the development of the country's industry replacing imports. To do this, it is worth highlighting the main categories of goods of domestic retail trade with the allocation of the share of domestically produced products in their sales volumes (*Table*). In this way, it is possible to assess the production potential of the domestic industrial sector focused on retail trade, and, at the same time, the level of import dependence of the latter.

Thus, in the structure of retail turnover of Ukraine in the pre-war period, the ratio of food and non-food goods was in favor of the latter (43.1% and 56.9%, respectively, in 2021). At the same time, the high level of import dependence of the trade sector of the Ukrainian economy is noted, because the share of domestic products in retail turnover in 2021 amounted to only 53.1%, including for non-food products, this indicator was at the level of only 34.5%, and for food products – 77.6% (State Statistics Service of Ukraine, 2022).

As can be seen from the data in the table. 1, the average level of import dependence for selected Top-20 commodity positions in the structure of retail turnover of Ukraine exceeds the indicator of 50%. Among food products in the pre-war period, only in the category "Fruits and vegetables, fresh" was the share of domestically produced goods less than 50%. The opposite is the situation with non-food products, where, with the exception of products of the fuel and energy complex, this indicator is in the range of 0.3% ("Telecommunications equipment") – 49.3% ("Pharmaceutical products").

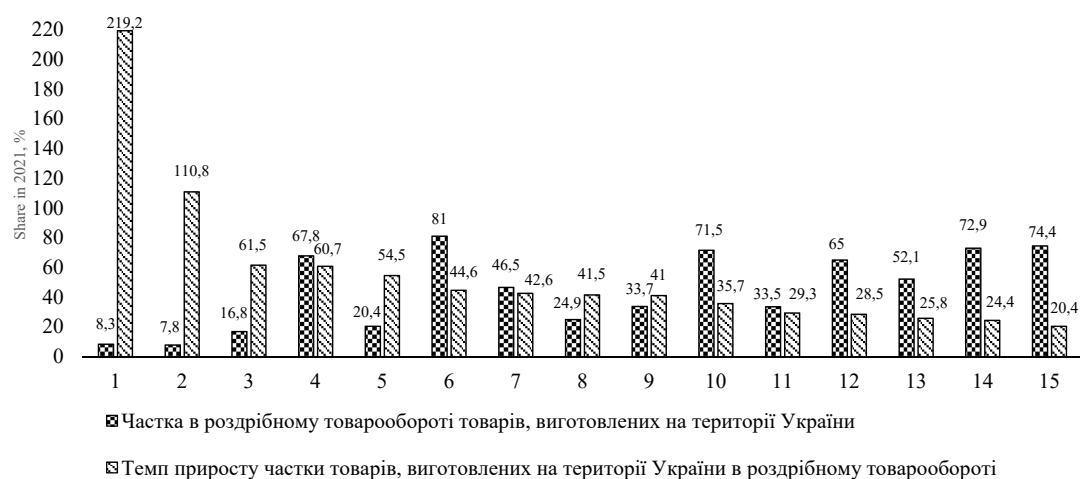
Thus, domestic production capacities in Ukraine in the pre-war period covered less than half of the retail turnover of the main commodity items – UAH 482.3 billion. The other part of it – more than UAH 491 billion – is covered by imported goods, which may indicate that it is advisable to increase production of the relevant goods. The main points of reference in increasing the volume of domestic production in order to prevent a shortage of goods in a situation of military-political instability should be product groups with the highest level of import dependence: telecommunications equipment; cars, parts and accessories for them; clothing and household electrical goods. However, the assessment of the potential opportunities of the manufacturing sector for import substitution in retail trade during the war is significantly complicated by the need to clarify the scale of destruction, relocation, suspension or curtailment of the activities of industrial enterprises.

Top-20 commodity positions in the retail turnover of Ukraine and the level of import dependence on them in the pre-war period (as of 01.01.2022)

Product group	Retail turnover		Rank	Including domestic production		The level of import dependence, %
	billion (UAH) hryvnias	in % to the total		billion UAH	in % to the corresponding product group	
Groceries	449762.3	43.1		349159.3	77.6	22.4
Meat products	30588.3	2.9	14	28255.7	92.4	7.6
Fish, crustaceans and shellfish (including fish products)	22255.1	2.1	19	16552.7	74.4	26.6
Dairy products	49053.9	4.7	5	41232.5	84.1	15.9
- including rennet, processed and sour milk cheese	19889.4	1.9		14309.0	71.9	28.1
Bakery and flour confectionery products	37562.0	3.6	8	34543.4	92.0	8.0
- including flour confectionery	19040.7	1.8		16761.8	88.0	12.0
Sugar confectionery	33782.5	3.2	12	24903.0	73.7	26.3
Fruits and vegetables, fresh	34235.0	3.3	11	16254.1	47.5	52.5
Alcohol beverages	68360.0	6.6	3	46262.6	67.7	32.3
- including vodka and liquor and spirits products	19524.6	1.9		11314.0	57.9	42.1
- beer	22382.3	2.1	18	19685.7	88.0	12.0
Other drinks (non-alcoholic)	25301.2	2.4	17	22044.9	87.1	12.9
Tobacco products (including related products)	37034.8	3.6	9	27173.3	73.4	26.6
Non-food products	594754.2	56.9	–	205405.7	34.5	65.5
Clothes	32352.6	3.1	13	1999.7	6.2	93.8
Cosmetic products and products for toilet rooms	34716.7	3.3	10	8637.3	24.9	75.1
Telecommunication equipment	21084.0	2.0	20	63.3	0.3	99.7
- including mobile telephones	17990.5	1.7		19.0	0.1	99.9
Cars, parts and accessories for them	80561.7	7.7	2	2930.1	3.6	96.4
- including cars	69685.1	6.7		1610.4	2.3	97.7
Household electrical goods	27024.5	2.6	15	2292.7	8.5	91.5
Pharmaceutical products	87695.7	8.4	1	43239.5	49.3	50.7
Motor gasoline	49329.5	4.7	4	35962.4	72.9	27.1
Gas oils (diesel fuel)	39365.0	3.8	7	28158.9	71.5	28.5
Propane, butane and methane for cars	25416.5	2.4	16	16570.7	65.2	34.8
Other non-food consumer and non-consumer goods	48531.8	4.6	6	15119.4	31.2	68.8
- including household products for washing, cleaning and care	20785.1	2.0		6406.2	30.8	69.2
Total	973548.6	–	–	482302.1	–	–
On average	–	–	–	–	49.5	50.5

Source: compiled by the authors based on data from the State Statistics Service of Ukraine, 2022.

In accordance with another approach to identifying promising areas for the development of domestic production of consumer goods – analyzing the structure of retail trade by commodity items with the highest growth rates of the share of sales of goods produced in Ukraine – we will outline the list of commodity groups whose production had the greatest potential for import substitution in the pre-war period (*Figure 2*).



Symbols: 1. Leather goods and travel accessories; 2. Shoes; 3. Bicycles; 4. Coffee; 5. Games and toys; 6. Lubricants; 7. Products made of ceramics and glass, wood, cork, wicker, knife, non-electric household appliances and equipment; 8. Cosmetic goods and toiletries; 9. Animals – pets and feed for them; 10. Gasoline (diesel fuel); 11. Textile goods, curtains, curtains and tulle; 12. Means for washing, cleaning, polishing and car care; 13. Fertilizers and agrochemical products; 14. Motor gasoline; 15. Fish, crustaceans and mollusks (including fish products).

Figure 2. Top-15 product positions with the fastest growth rates of the share of goods manufactured on the territory of Ukraine in retail turnover

Source: compiled by the authors based on data from the State Statistics Service of Ukraine, 2022.

Thus, during the period 2017-2021, the share (8.3%) of leather goods and travel accessories of domestic production almost tripled, by 110% – footwear, by 61.5% – bicycles, by 60.7% – coffee, on 54.5% – games and toys. At the same time, it should be noted that the largest increase in the share of domestically produced goods occurred mainly in items with a low share in total retail turnover.

In the structure of imports to Ukraine for almost a year of war, as of the end of December 2022, in addition to the traditionally high share of fuel and energy materials, the share of finished goods, which are retail products and may indicate priority areas for the development of domestic production, is significant. So, the second place was taken by the category of cars and other motor vehicles – 5.8% (USD 2.5 billion), telephones and computer equipment (1.8% and 1.0%, respectively), and imports of tractors, insulated wires and cables, tires and tires, and animal feed products increased compared to 2021 (Yurydychna Gazeta Online, 2022). According to official statistics, in 2022, imports to Ukraine decreased for almost all commodity

items except 10, including: hats with an increase of 766.2%; clothing and clothing accessories, textiles – by 75.4%; vegetables – by 40.8%; printed products – by 6.6%; ceramic products – by 5.5%; coffee, tea – by 3.1% (State Statistics Service of Ukraine, 2023). In the period January-April 2023, the situation with imports changed significantly, as its growth compared to the same period in 2022 was 21.5%, while the increase in import volumes was noted for the vast majority of commodity items (State Statistics Service of Ukraine, 2023).

Such data on the structure and dynamics of imports of goods to Ukraine since the beginning of Russia's full-scale invasion may indicate that their supply chains are being established in response to the existing demand in the country and the inability to meet it with domestic production capacity.

In general, the determination of the priority areas for the development of import-substituting production in Ukraine should be based on the assessment by the trade business of the need for domestically produced goods, based on the pre-war level of import dependence of retail trade and the operational analysis of changes in the structure of trade turnover during hostilities. In turn, suppliers, in order to develop their own production potential, establishing communication and cooperation with supply chain partners, can provide information about the real possibilities of participation of industrial enterprises in the implementation of the import substitution strategy, develop new mechanisms of cooperation with trade enterprises in order to expand the sale of their products. The formation of a common vision of the prospects for import substitution in retail trade between trading and industrial companies should become the basis for initiating the development and implementation of a state import substitution policy.

3. Tools to support import substitution policy by the trade sector

The implementation of import substitution policy in Ukraine using new approaches to determining its priority areas based on the analysis of retail trade parameters should take place already during the period of martial law. Justifying the urgency of implementing measures of integrated management of supply chains in trade with an orientation to the prospects of import substitution, the following arguments can be given:

- precisely in the conditions of military operations, the consumer needs of the population come to the forefront in trade, the satisfaction of which is carried out under the conditions of centralized state support;
- the supply chains for imported products are often either completely disrupted or unstable, whereas domestic purchases can be more reliable and faster;
- the state policy of protectionism in the conditions of martial law (restriction of foreign exchange payments for imports, introduction of a list of critical import goods, etc.) along with objective security restrictions in the

process of implementing import operations, lead to a shift in the structure of consumption from imported goods to domestic ones;

- reduction in exports due to a decrease in domestic production and complications in the organization of international transportation leads to a reorientation of domestic suppliers to the needs of the domestic market;

- unprecedented international economic and political support for Ukraine in the war with Russia can be directed, among other things, to the restoration and development of domestic production of consumer goods.

Representatives of leading business structures also speak about the need for urgent steps to restore the Ukrainian industrial sector. Thus, representatives of the Union of Ukrainian Entrepreneurs even identified 10 key theses of state support for domestic business, in particular, the development of the production potential of Ukraine during the war period with a post-war perspective (Vojna v Ukraine.com., 2023). There is every reason to involve representatives of the trade business in the implementation of at least one of the proposed areas – "creating a list and supporting production areas that Ukraine wants to motivate".

The levers and tools of trade business influence on the recovery and development of the production potential of Ukraine are significant. This can be explained, firstly, by the fact that the retail market is highly concentrated, with more than half of it in the hands of large retail chains. As a result, domestic manufacturers are in a position of dependence on trading companies, unable to diversify their sales channels. In addition, the conditions of interaction in supply chains even in the pre-war period were not in favor of suppliers and industrial companies: long payment terms for supplied products (retailers' debts to manufacturers consistently fluctuate around UAH 3-4 billion), dozens of additional services without justification their value and shifting all commercial risks to the supplier (A. Shcherbak, 2023).

In general, the arsenal of means for trade enterprises to influence the development of import-substituting production includes consultative, informational, coordination, financial and operational support for domestic suppliers – partners in supply chains in trade. A significant part of such means lies in the realm of the mechanism of financial and settlement operations in work with suppliers:

- shortening the terms of payment for the delivered goods, and in some cases prepayment is also appropriate (for example, if the restoration of the supplier's production capacities or their relocation is necessary);

- increasing the purchase price in order to achieve a more equitable distribution of added value within supply chains;

- participation in lending schemes for manufacturing enterprises and in investment projects related to the creation of new and reconstruction of existing production facilities.

Support for import-substituting development of domestic industry requires significant investments. According to the analytical centre

"Ukrainian Institute for the Future", the restoration and opening of new production facilities in Ukraine is one of the priority areas of capital investment from the perspective of investors. Foreign investors show interest in the creation and development of technology parks, although mostly in western Ukraine. Some European funds are already willing to invest in the construction of industrial and warehouse facilities for long-term lease. "In general, to restore the logistics infrastructure, manufacturers need almost 400 thousand square meters of warehouse space destroyed by the enemy" (Vojna v Ukraine.com, 2023).

It is advisable for commercial enterprises to also act as investors for their supply chain partners – manufacturer-suppliers. This primarily involves their participation in investment projects for the establishment of warehouse complexes and logistics centers for the storage and handling of products from manufacturing companies. Another promising area for trade enterprises is the diversification of their activities by investing in the creation, restoration or development of production facilities together with their supplier partners.

In addition to investing, trading businesses will also support domestic producers by relieving them of some of their supply obligations. For example, trading companies can take over the warehousing function using their own warehouse facilities or by renting them. The same situation is possible with transportation operations with the suppliers' cargo.

A separate area of support for import-substituting industries in Ukraine by the trade business may be pricing policy instruments, in particular by promoting the price competitiveness of domestically produced goods. Unfortunately, today, in times of Russia's military aggression, there are frequent cases of retail chains selling imported goods at lower prices than similar domestically produced goods.

In general, the role of retailers in stimulating import-substituting production in Ukraine should be to coordinate the efforts of supply chain participants and to exchange information on available raw materials, production capacities, and labour resources in order to organize the production of scarce goods. Suppliers can also benefit from retailers' assistance in promoting their products through their own and competitors' distribution channels.

As an example of the interest of trading companies and their proactive support of the domestic producer, we can cite the Industry memorandum "On Ensuring Stable Operation of the Food Supply Chain in Ukraine under Martial Law" developed to ensure food security, support Ukrainian producers and buyers, and minimize the risks of product shortages. This document was developed with the participation of the largest retailers in Ukraine, including ATB, Silpo, Auchan, Novus, Varus, Kolo, and stipulates that payment terms for contracts for the supply of basic food products of domestic production will not exceed 30 calendar days (Y. Boyko, 2023). Thus, by guaranteeing industrial companies sales volumes of their products, often, especially for

basic categories of goods, replacing similar imported ones, trade enterprises demonstrate the practice of conducting socially responsible business and become active participants in the market self-regulation mechanism.

However, the spread of direct imports among retailers in Ukraine during the war raises some concerns. On the one hand, the motive to quickly provide the population with the necessary products is quite understandable. However, in the context of supporting domestic producers, a number of questions arise for representatives of the trade business: – Are such purchases sufficiently justified by the lack of opportunities to produce similar products within the country? Especially when it comes to the range of direct imported products under a simplified procedure without printed labels with product information in Ukrainian (according to the Resolution of the Cabinet of Ministers No. 234 of 09.03.2022 "On Measures to Ensure Uninterrupted Supply of Imported Food and Feed under Martial Law"). So, imported instant foods, rice, pasta, oatmeal, hygiene products, animal products, yeast from Poland, Hungary and Romania have already appeared in Auchan Ukraine. There are pates and canned meat from the Czech Republic on the store shelves. The delivery of canned meat and fish from other European countries is also expected (K. Simonenko, 2022).

Therefore, in order to avoid negative consequences for domestic producers as a result of a decrease in the competitiveness of their products compared to imported ones, it is advisable to introduce a procedure for quick approval of imports of direct imports with the provision of supporting information on the impossibility of purchasing these products in Ukraine. In general, the introduction of any mitigating rules of trade, even under martial law, should provide for their verification through the prism of the interests of domestic producers during the war and in the post-war period.

As resources to support domestic production, trade enterprises can raise their own capital and facilitate the attraction of capital from other supply chain partners. However, special attention should be paid to redistributing value added in supply chains in favor of supplying producers. However, special attention in this matter should be paid to the redistribution of added value in supply chains in favor of manufacturer-suppliers.

Trade business representatives can also contribute to the support of domestic manufacturers at the level of implementation of the state policy of import substitution. For example, trade enterprises should actively participate in the formation of the State Register of Import Substitution and Cooperation in Strategic Industries, the creation of which was initiated by the Ministry of Strategic Industry in pre-war times (Government Portal, 2021). Therefore, through the activities of public organizations, specialized associations and committees, trade enterprises can point to promising domestic production, participate in setting rules and conditions of interaction with suppliers.

Conclusions

Import substitution is a key element of the country's economic development strategy not only in peacetime, but also in times of war, when the issues of minimizing losses are particularly acute, as well as the formation and implementation of a system of measures aimed at restoring and building economic potential in the post-war period. At the heart of this winning path is the real sector of the economic system – the industrial sector. To support it through the use of import substitution policy instruments, the efforts of all economic entities should be combined. And trade enterprises should play a decisive role among them, thereby demonstrating their socially responsible corporate position.

On the one hand, the potential for trade businesses to influence import substitution processes can be explained by their systemic role in supply chains. Being the closest to the market, knowing its needs and trends, and coordinating the processes and operations of bringing products to the consumer, retailers have the ability to interact with all participants in the supply chain and influence the activities of public associations and government institutions. Representatives of the retail sector can undoubtedly use these potential opportunities to support domestic producers in creating, restoring and expanding their production capacities, as well as in organizing distribution channels for their products. On the other hand, by bringing domestic and foreign products to the end consumer, trading companies have leverage over their purchasing decisions and can therefore direct them toward choosing goods of Ukrainian origin.

The potential for increasing import-substituting production in Ukraine, based on an analysis of the structure of retail trade and the share of domestically produced goods in it, is significant. Import dependence on the main commodity items in retail exceeded 50% in the pre-war period. The period of martial law also demonstrated changes in the structure of consumer demand, as well as a much faster recovery of the supply chain of imported products, which confirms the need for support for the domestic industry, in particular from the trade business.

The set of tools for retailers to influence the implementation of the import substitution strategy is quite broad. First of all, at the stage of determining the priority areas of domestic production, the parameters of retail turnover can act as a kind of guideline. Also, in terms of direct interaction with suppliers, trading companies can use a wide range of financial, pricing, communication, and marketing tools to support import-substituting industries. In particular, these include financial and settlement instruments related to setting payment terms for delivered products, purchase prices, and supplier lending. The participation of trade enterprises in investment projects aimed at restoring/developing production capacities and logistics infrastructure, which are also aimed at supporting relocated production, also has significant potential.

Further research and developments on the topic of the study should be aimed at finding effective tools and practical recommendations for integrated supply chain management with a focus on the prospects of import substitution in retail trade. For this purpose, it is important to define and detail the system of interaction between trade enterprises and domestic suppliers, based on the interests and levers of influence of all supply chain participants.

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