

LOCAL PRODUCTS ON THE INTERNATIONAL MARKET – AN ASSET FOR THE DOMESTIC INDUSTRY

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In the modern network economy, **markets become more complicated** even for traditional goods. The usual economic characteristics – like price and even cost of consumption – can lose their definitive role, while specific intangible factors of competition are influencing.

Thus, the **additional competitive advantages** get producers, which demonstrate flexibility, adaptivity to market conditions, whose product has these additional features.

In this context, **local products play a significant role.**

Firstly, they are **numerous and diverse**. This excellently corresponds to the requirements of flexibility.

Secondly, the usual features of their products have been supplemented by an intangible asset – a **specific image of the territory**. This can be as well: a general image of the region (environment, technology etc) imposed on usual goods and conditioning consumers' preferences, or some special identity of the area (for localised characteristic products - like handicraft, specialties, clothes etc).

The capacity of local markets as main areas of sales for local products – is quite limited. **So far, promotion of internationalization for small local producers – creates good opportunities to widen the geography of markets – and to increase sales.**

In macroeconomic viewpoint this opportunity of better adaptation to global markets' requirements – is a **relevant additional factor of economic growth** in the period of global depression. That is why activation of local producers – is really a powerful asset for the domestic industries.

However, development of local production – is also an **important factor of spatial and regional development**, an opportunity to find out the new sources of financing of territories, that is significant in the context of modern structural changes, when traditional sources are lost and are to be substituted.

The similar situation is widespread **in Ukraine**. Quite often we meet towns and regions, fallen down to tight squeeze after some local production has been stopped. These can be stopped coal mines, large chemical or metallurgical plants, as well as some smaller machine-building, textile, food processing factories – and ever reprofiling

agriculture which does not need more much employees. That is why we keep the activisation of local production in the center of our studies.

In the center of this activation –is the decisive role of local communities.

What can they do in order to promote already acting producers of local goods and to reveal local potential, not engaged yet?

First, and, surely, the main,- the formation of local labour supply. In Ukraine region plays the key role in the provision of vocational training. Also, the region can do much to forecast the regional labour markets. It can also influence the mobility (attraction) of specialists, suggest the regional order for specialists' preparation, encourage the partnership between employers and vocational and higher schools.

Second, the region can provide the decisive impact on the creation of a proper environment for smart-specialization. This latter is the optimal instrument to crystalize the local production based on entrepreneurial insights. As the components of this environment are: consistency of local policy with appropriate measurable goals, defined opportunities and bottlenecks, promotion of entrepreneurship, good communication networks, co-operation with other regions with complementary industries etc.

Third – the development of complementary industries, promotive for local products. Most often, this touches upon tourism, which widens the local markets. However, thinking strategically, others similar industries should be considered (for example, fertilizers for agroproducers).

Fourth - local communities have the powerful instruments that increase the capitalization of local resources through improvement the “last mile” infrastructure: local roads, water and electricity supply infrastructure, sewage, transport and storage logistics, improvement of environment etc.

The specific topic – local identity building and strengthening as the source of intangible assets' capitalization. In some way – an international “branding” of the territory, that can become the basis for intangible competitiveness of local product.

Fifth – creation and provision of local development institutions – agencies of regional and local development, business incubators, industrial parks etc. Those disseminate the information about investment opportunities for local production, exchange best practices, encourage small business, based on local competitive advantages, promote international communication of such businesses.

What can be done at the national level to promote local production? The development of local production – is at the edge of regional and industrial policies – and should be mentioned in both.

In particular, this support can consist in the national **entrepreneurship promotion policy**. Including the promotion of small business **internationalization** through the appropriate simplification of entering international markets, technical support provision – like one-stop-shops, etc.

The government can also support the **branding of territories** – with corresponding informational, cultural policies, tourism development. In the conditions of eurointegration a political support matters if come local brands' protection and promotion for European market are needed.

Thus, the promotion of local products can – and should - be the **subject of strategizing**, and complex policies can give a chance to every region to promote its own local products.