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**ECONOMIC SUBSTANCE OF A STATE REGULATION OF THE MINING
INDUSTRY DEVELOPMENT***Received 21 June 2020; accepted 24 June 2020; published 26 June 2020*

Abstract. *The article defines the main theoretical bases of a state regulation of the mining industry economic development. There are revealed substance, goals and tasks of a state regulation of the mining industry economic development. It is described a group of actions of a state regulation in the areas of planning, regulation, regulatory activity, supervision and control.*

Keywords: *national economy, mining industry, economic development, state regulation, subsoil use legislation.*

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Introduction

State regulation in the general sense is a form of state activity, which is expressed in the establishment by the state of the rules of conduct (activity) of participants in public relations; it is the state, as an apparatus of political power, that carries out law-making, law enforcement and law enforcement activity through the bodies [1, p. 86]. State regulation of the mining industry economic development is specific. Given the social, economic and environmental utility of the industry, the measure of state intervention is significant here.

Literature review

The study develops the best practices of other authors on this issue, including R. Bilovus, M. Bezdieniezhna, I. Bulhakov, M. Zhykaliak, I. Zhukov, I. Koziakov, O. Makarenko, O. Leonova, N. Liuta, L.Malanchuk and others.

The purpose of the article is a scientific rationale of the state regulation substance of the mining industry economic development, rationale of the goal, tasks and principles

Results

According to the substance, the state regulation of the mining industry economic development provides for a state group of actions in the coal, oil and gas, metallurgical, electric power industry and public utilities, aimed at the effective use

of natural resource potential, based on the mining from the subsoil assets, as well as the exploration, development, primary processing, use and marketing, as a result of which there are progressive changes of production, service and structural nature in the national economy and the regions.

The concept of a state regulation of the mining industry economic development varies between two extreme scenarios:

- 1) active mining of subsoil assets in compliance with efficient use requirements of natural resource potential;
- 2) suspension of mining based on the future generations interests or environmental demands.

More and more developed countries, in particular in Europe, are choosing the option of stopping mining on the areas not so much because of attempts to save resources for future generations, but because of extremely rigid requirements of environmental legislation [2, p. 4]. Countries, which have developed business environment also often deliberately abandon active mining. Strategically, this is justified, because, as economists' calculations show, following the example of the coal industry, coal production volumes are inversely related to the processes of population growth and business activity, and therefore to future economic growth [3].

The understanding of a state regulation of the mining industry economic development is based on the fact that this is a group of actions. They are conditionally divided into management functions and each of them has the functional load: 1) planning (programming); 2) regulation (budget, licensing, tax, currency-financial, foreign economic, investment, antimonopoly, state ownership) and administrative support; 3) regulation; 4) control and supervision.

According to the definition of state regulation of the mining industry economic development, it follows that the goal is the effective use of natural resource potential based on the mining from the soil assets, as well as the exploration, development, primary processing, use and marketing. The efficiency of potential using reflects the correlation of the mining volumes, taking into account the possibilities of the restoration, in relation to the satisfaction degree of the population and business needs in minerals; at the same time there should be taken into account environmental national security priorities.

The state regulation object of the studied area can be: natural resource potential based on the mining from the soil assets; relations in the area of mining activity and in related areas that arise as a result of exploration, development, mining, primary processing, use and marketing of minerals; entities of the mining industry (mining enterprises and the intermediaries); the mining industry as a whole or the specific sub-industries (coal, oil and gas, metallurgical, electric power industry, public utilities).

Entities of state regulation form an appropriate institutional environment. The structures of the executive branch of government have the largest powers, but the specifics of the mining industry require the participation of all branches of government. The role of the institution of the president is special. In Ukraine, it is

basic to guarantee the observance of the Ukrainian people rights: Article 13 of the Constitution of Ukraine states that «land, the soil assets, the atmosphere, water and other natural resources, which are located within the territory of Ukraine, the natural resources of the continental shelf, exclusive (marine) economic zone are objects of property right of the Ukrainian people; on behalf of the Ukrainian people, the owner rights are exercised by state authorities and local self-government bodies within the limits defined by the Constitution” [8].

The legislative branch of government regulates the legal bases of activity in the mining industry. In Ukraine, the leading standard is the Mining law, which, in particular, defines that “mining relations are regulated by the Constitution of Ukraine, this Law, The Code of Ukraine on soil assets, the laws of Ukraine “On Environmental Protection”, “On emergency rescue services”, “On civil defense of Ukraine”, “On labor protection”, “On enterprises in Ukraine”, “On fire safety”, “On ensuring sanitary and epidemic well-being of the population”, other laws of Ukraine and laws and regulations adopted in accordance with them [7].

The main functional powers in the area of regulating of the mining industry economic development are performed by the executive branch of government bodies. State- level bodies set a strategic vector for the industry development and monitor compliance with regional program goals. Regional and local authorities are supervisors of local mining activity. If the State has a sufficient degree of decentralization, local authorities have sufficient powers to mobilize financial resources due to the use of the natural resource potential of the areas through tax instruments. However, as a rule, the prerogatives of regulation are reserved by the state represented by central executive authorities.

As a rule, permissions are granted in the form of licenses. In particular, in Ukraine, the Law “On licensing certain types of economic activity” regulates the obligation to obtain a license for: search (exploration) of minerals, mining from deposits of national significance and included in the State Fund of mineral deposits, mining of precious metals and precious stones, organogenous precious stones, semiprecious stones [9].

Regulation of the mining industry economic development with a high degree of state influence is accompanied by frequent use of mechanisms for managing state property and state ownership. The state reserves ownership of mineral deposits. For example, in Ukraine, the legislation regulates that “soil assets are the exclusive property of the Ukrainian people and provided only for use”. Agreements or actions, that directly or covertly violate the right of ownership of the Ukrainian people to soil assets are invalid; the Ukrainian people exercises the right of ownership of soil assets through the Verkhovna Rada of Ukraine, the Verkhovna Rada of the Autonomous Republic of Crimea and local councils; certain powers to dispose of soil assets by the legislation of Ukraine may be granted to the relevant executive authorities” [10].

In general, regulatory actions in the context of ensuring the mining industry economic development play a leading role. They should be aimed at changes in the production, service and structural nature. This is the process of industry economic development.

The variability of actions, mechanisms and instruments of state regulation of the mining industry economic development allows to summarize the main tasks. If the goal is the effective use of natural resource potential based on the mining from soil assets, then the main tasks of regulatory influences are specified issues of exploration, development, mining, primary processing, use and marketing of mineral resources (Table 1).

Table 1. Basic principles of state regulation of the mining industry economic development

Goal	Specifics of the goal achieving	Tasks
Efficient use of natural resource potential based on the mining from the soil assets, as well as the exploration, development, primary processing, use and marketing	Efficiency as a correlation of the mining volumes, taking into account the possibilities of the restoration, relative to the satisfaction degree of the population and business needs in minerals. There should be taken into account environmental national security priorities at the same time.	-regarding development, mining- determination of the mining volumes of the main types of minerals for the current period and the future by country and regions; -regarding exploration –development of the mineral-resource base and preparation of the reserve of soil areas used for the construction of underground structures, which are not related to the mining; -regarding marketing- setting quotas for the supply of extracted minerals; -regarding use – introduction of fees (payments) related to the use of soil assets, as well as regulation of prices for certain types of minerals; - regarding development, exploration – establishment of standards (norms, rules) in the area of geological study, use and protection of soil assets, safe conduct of works related to the use of soil assets.

Source: built by the author based on [5, p. 402]

Each of the tasks forms a separate direction for implementing economic policy in the mining industry. The main focus of state influences is on the effective on natural resource potential, in particular the proven mineral resource base of the country as a material and energy basis; this priority is due to the fact that the achievement of a such goal will ensure the stabilization and sustainable development of the national industry, the growth of people well-being and socio-economic factors in the state [4, p. 3]. Achieving the goal is possible if you are legally active in the industry. Therefore, the group of state regulation of the industry development should institutionalize the transparency imperative and a market competitive environment with a high degree of state participation.

The tasks of state regulation of the mining industry economic development specify the general tasks of regulatory influences, which consist in: determining the main directions of state policy; determining the powers of executive authorities and local self-government; organizing and coordinating works on the reproduction of the mineral resource base and rehabilitation of mining regions; establishing regime and rules of mining and other use of soil assets; determining actions for the rational use and protection of soil assets; implementing state control; implementation of state supervision over the geological study, protection of soil assets, processing of minerals and safe conduct of works during the use of soil assets [6, p. 86-87].

Fulfilling goal and tasks of state regulation of the mining industry economic development requires compliance with certain principles. In Ukraine, they are established by law. Below is a list of them with an addition according to the author’s

vision [7]. In particular, these are the following principles: rational use of natural resource potential from the soil assets; innovative manufacturability of activity in the industry, market competition, state support for business entities in the industry, personnel security and protection, scientific support, public management, etc.

In the context of industry economic development becomes particularly important principle of innovative manufacturability of activity. This principle provides for changes in the production-service nature, providing for the improvement of manufacturing approaches in the use of natural resource potential as well as ensuring the quality of accompanying services for processing (enrichment), processing (partial or full), supply of obtained minerals. The mining industry, despite the raw material orientation, can be an engine of innovative economic development, especially since it is in the view of priority state and international financing. Compliance with the principle of innovative manufacturability of activity a priori strengthens the security imperative of industry state regulation: innovative changes, first of all, should be focused on the goals of sustainable development and ensure the formation of a highly competitive mining-metallurgical complex with signs of a high level of competition, increasing environmental requirements, ensuring energy efficiency, updating the material-technical base of production, diversifying the types of products, improving the quality and expanding the use of iron production [11, p. 137].

The study of state regulation of the mining industry economic development requires additional attention to the principle of public management, which reveals the aspect of interaction between the state and civil society (in contrast to the traditional vision of public management as the organizing and regulating influence of the state on the public life of people in order to organize, store or transform, based on the power) [12, p. 150; 13, p. 121].

Public management for the mining industry economic development should not be identified with “potential liberalization of relations regarding soil assets use”, which provides for the provision of opportunities for transferring soil assets use rights to another person without the mandatory consent of the central executive authority, which ensures the implementation of state policy in the area of geological study and rational use of soil assets, and in accordance with the regime established by the state, as well as without leaving the state priority right to acquire alienated rights to use soil assets in the person of a business entity [14, p. 12]. In our opinion, such liberal steps in Ukraine require a broad professional discussion and initially require strengthening the principle of public management.

The principle of public management is necessary on the way to deregulation of the mining industry, which is acceptable for economies with a developed competitive market environment and a high degree of public control. In Ukraine the current government in 2020 declares deregulation of the industry as one of the priorities of soil assets use reform [15]. However, this process should be considered not from the point of view of reducing the degree of state regulation, but by changing the procedural issues of state control with distribution to different branches and levels of

government. Powers should be clearly distributed between central and regional authorities regarding licensing activity and granting rights to use soil assets.

Conclusions

State regulation of the mining industry economic development is a difficult process aimed at innovative and technological achievements and the formation of the industry as a competitive link in the structure of the national economy. The possibilities of regulating of industry development are wide. Each country should clearly define the concept of development and regulation of the industry and look for ways to reduce the primary material dependence of the economy. In the following works, we will study the experience of different countries in innovating the economy with the transition to higher technological systems.

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