



Mechanisms of regulatory policy application in agriculture

Abstract. Introduction. In modern conditions, forms, methods, and means of regulatory policy for agriculture development should be implemented according to the existing international approaches. State regulatory policies in different branches of agriculture should be aimed at developmental constraints elimination.

Purpose. To ground actual approaches to regulatory policy in prospective agrarian sector branches connected with the foodstuff and work out practical recommendations on application of regulatory policy mechanisms in the aquaculture sector.

Results and Conclusion. The prominent feature of aquaculture is a specific nature of the object of manufacture – the fish which is grown in conditions, supervised by the humans. To fully use this advantage and provide regulatory support for this type of economic activity development, the following preconditions should be preserved: water objects fish capacity increase from 3.0 centner/hectare to 15.0 centner/hectare; certification of the leased fish farming technological reservoirs. We see the expediency to optimize not only the account of aquaculture zones, but also of soils, where reservoirs are located, with use of correction coefficient depending on the levels of soil fertility. Feeding ponds have to be divided into categories (channel, waste, by area). It is necessary to provide indicators of fish capacity both for commodity fish and for a stocking material. The central regulatory authority provides complex regulatory policy in the sphere of fisheries and is given the right to provide the state account, monitoring, the state cadastre of water bio-resources managing, and the state account and the register of fish farming water bodies (or their parts). Nowadays, its main priority should be development and further implementation of an order the state register of the fish farming water objects (or their parts) conducting.

Keywords: Agriculture; Aquaculture; Regulatory Policy; Passportization; Soil Fertility Coefficient

JEL Classification: A13; B21; D23; D20

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Механізми реалізації регуляторної політики в сільському господарстві

Анотація. Автор обґрунтовує методологічне забезпечення регулювання розвитку складової сільського господарства – галузі аквакультури. Представлено розроблені практичні рекомендації щодо застосування механізмів реалізації регуляторної політики в сфері аквакультури. Пропонується запровадити паспортизацію рибогосподарських технологічних водойм, що знаходяться у користуванні на умовах оренди, а також оптимізувати орендну плату для рибогосподарств на підставі коефіцієнту фертильності ґрунту за використання земель водного фонду.

Ключові слова: сільське господарство; аквакультура; регуляторна політика; паспортизація; коефіцієнт фертильності ґрунту.

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Механизмы реализации регуляторной политики в сельском хозяйстве

Аннотация. Автор обосновывает методологическое обеспечение регулирования развития составляющей сельского хозяйства – отрасли аквакультуры. Освещены и разработаны практические рекомендации по применению механизмов реализации регуляторной политики в сфере аквакультуры. Предложено внедрить паспортизацию рыбохозяйственных технологических водоемов, которые находятся в пользовании на условиях аренды, а также оптимизировать арендную плату для рыбохозяйств на основе коэффициента фертильности грунта за использование земель водного фонда.

Ключевые слова: сельское хозяйство; аквакультура; регуляторная политика; паспортизация; коэффициент фертильности грунта.

Introduction. The undeniable role of the agrarian sector in population life standards increasing provides the conceptual framework development for its transition to dynamical development in modern conditions. The regulatory policy takes an important place in this process. The task of the government is to timely reveal current problems of prospective economic branches development, analyze them, establish the causes of occurrence and to find ways of solving these issues. The specific decisions are aimed at elimination of branch problems, needed programs, government regulations, mechanisms and tools of their development and implementation. Certain types of agrarian activity, which are specifically connected with foodstuff, and namely aquaculture as a sector of national fisheries, demand new measures of regulatory policy to be introduced in order to support its harmonized development and good practices.

Literature Review. Ukrainian scientists involved in research of state regulation in agro-sector of economy are V. Bodrov (2010) [1], N. Zubets, V. Messel-Veselak and P. Sabluk (2008)

[2], A. Kachnyi (2009) [3], S. Kvasha (2013) [4], Yu. Lupenko (2012) [5], I. Lukinov (1997, 2007) [6; 7]. The works of foreign scientists J. Galbraith (2004) [8], R. Coase (2007) [9], F. Quesnay (2008) [10], A. Smith (2007) [11], K. Marx (1960, 1961) [12; 13; 14], J. Schumpeter (1982) [15], F. Hayek (1992) [16] and others are devoted to the problems of state regulatory policies theoretical substantiation. The theoretical and practical researches of fishery functioning and principles of its development regulated by the state were provided by such known domestic and foreign scientists as Ya. Kozyrazkaya (2007) [17] and G. Simon (2001) [18].

Purpose. To conduct state regulation methodological maintenance substantiation in perspective branches of agrarian sector connected with the foodstuff and the practical recommendations development on application the mechanisms of state regulation in the aquaculture sector.

Results. The author's analysis makes it possible to assert that the economic scientific thought had been forming during an

epoch of considerable fluctuations in foodstuff manufacture and widespread cases of hunger. It explains the fact that all civilizations were formed near large water reservoirs or the rivers. The lowest stage of wildness of humankind was got over with introduction of fish food. Researches give the chance to confirm A. Smith's opinion that a product of the earth, which is the fish, can be taken from water as the result of production. Therefore, for the first time in the theoretical and methodical sense it is proven that by means of a product of water it is possible to receive cattle-breeding products «from the earth» [11]. Quantity of products, which are received from the earth and fishery, considering their natural productivity, depends on the sizes and appropriate usage of the capitals spent on them. If capitals are identical and equally properly used, their quantity is proportional to their natural efficiency [11]. K. Marx considered that the earth (from the economic point of view it also concerns water) which was providing the person with food at the beginning, became a general subject of human work. All subjects, which are necessary only to «pull out» from their direct connection with the earth, are the objects of the labour given by nature, for example, fish which is caught, is separated from its natural environment – water [12].

We also share F. Quesnay's opinion, who pointed that the heads of the state together with landowners and farmers should promote the earth production increment. After all, the success of the economic branches and agrarian sphere in particular, depends on this profitable source [10].

It is necessary to mention that the state independence of Ukraine began with acceptance of some acts that directly concerned the development of agrarian sector of economy and the system of its state regulation. Accepted in 1990 «The concept of transition of the Ukrainian Soviet Socialist Republic to market economy» recognized an urgency of necessary preconditions creation for transition to market economy within simultaneous life standards increasing for Ukrainian citizens. By the law of Ukraine «On priority of rural and agricultural social development in national economy» has been recognized the priority of rural and agricultural social development results' exclusive importance and indispensability of agricultural products in life of a person and society (Figure 1).

From abovementioned, we may assume the actuality of regulatory policy in the sphere of aquaculture for the purpose of the obstacles for economic activities development eliminating. The regulatory policy in sphere of aquaculture is the direction of regulatory policy focused on perfection of legal regulation of

economic relations as well as administrative relations between regulatory bodies of authority or other public authorities and subjects of a fish economy in sphere of aquaculture. The regulations also comprise economically inexpedient and inefficient regimes abolishment, the state intervention in business entities' activity reducing and obstacles for economic activities development removing. The regulatory policy is being carried out in limits, order and way established by the Constitution and laws of Ukraine.

In this context, the State Agency for Fisheries of Ukraine is responsible for the search of effective regulatory solution in the branch as the central executive authority body, which provides the policy in the sphere of fisheries and aquaculture. Taking into account the occurring of new specialization types among the enterprises, manufacture dividing into operations, fast technologies development, under the auspice of the Statistical Commission of the United Nations the world revision of the international statistical classifications of kinds of activity and production has been carried out. As a result, at the European level the central statistical classifications were accepted. Ukraine is the participant of the international cooperation within the framework of the European Statistical Space, which, besides EU Member States, includes the countries of the European free trade association and promotes integration of our state in the European and world community.

Requirement for the national statistical classifications harmonization with their international analogues contributed to updating of current system of national statistical classifications of economic activities and production kinds (NACE). The first edition of NACE was developed for execution of the Governmental Program of transition to the international account and statistics system. The purpose of working out the second edition of NACE was to bring it into compliance with EU base of international statistical types of activity classification (DK 009:2005) and certain positions of classification revision on the national level. In this context, for fastening the diversification process of fisheries in the direction of aquaculture development, the important step was made by the State Agency for Fisheries by working out the national version of NACE (DK 009:2010). It opens prospects for advancing in perfection of the state regulation of aquaculture development system based on the unitized manufacturing process with high standards and modern regulations of its tools towards productivity increase (see Figure 2).

Usage of methodical approaches to divide the economic activities in phases allows allocating: Section A – «Agriculture, forestry and fishery». Chapter 03 «Fishery and cultivation of aquaculture» consists of two groups, specified by types of activity each (sea and fresh-water aquaculture). In addition, a new classification of lines of activity and types of aquaculture in Ukraine is offered.

The Ukrainian Laws «On aquaculture» (No 5293-VI from 18.09.2012) [19] and «On fisheries, industrial fisheries and protection of water bio-resources» (No 3677-VI from 08.07.2011) [20] defined main principles of activity, the governmental control and regulation in the sector, as well as preservations and rational use of water bio-resources, an order of relations between public authorities, local government and business entities. However, it is necessary to mention that there is an issue of forming the mechanism for administrative information on manufacture of stocking material and commodity fish generalization.

Within the abovementioned laws, the system of fish manufacture indicators collection has been developed. It completely satisfies requirements of the central regulatory authority, which provides the policy in sphere of fisheries, for information receiving needed for its assigned functions performance. The carried-out analysis gave the possibility to find out the essential feature of proposition on agrarian production formation, which is

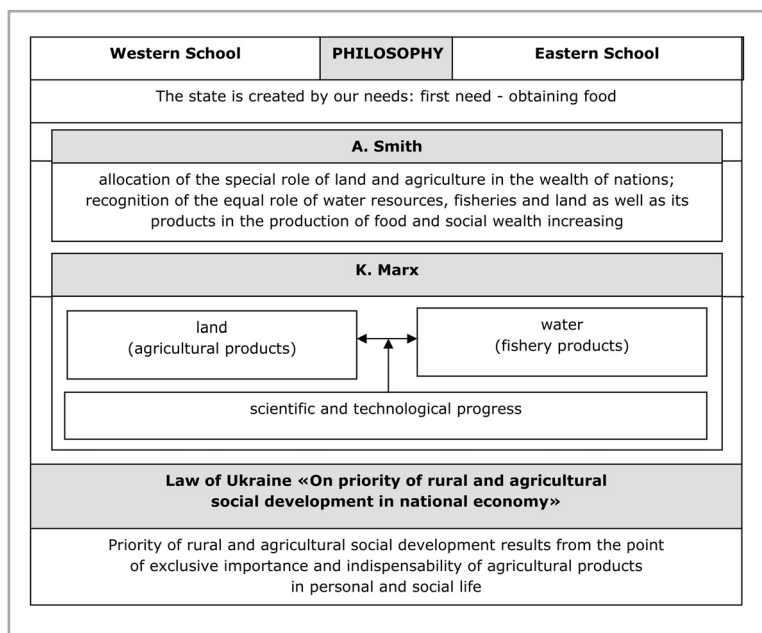


Fig. 1: The theoretical bases of the agricultural sector, water resources and fishery role in national development

Source: Author's summarizing based at [10; 11; 12; 15; 21]

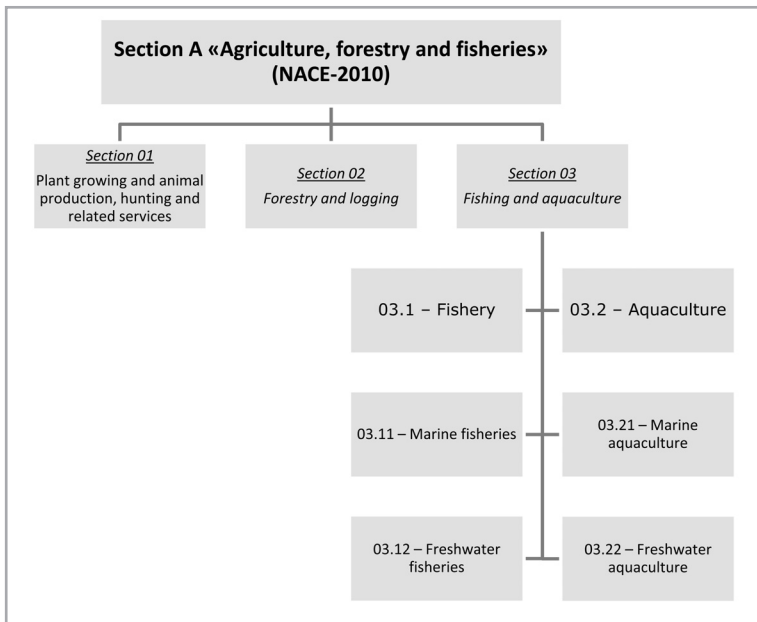


Fig. 2: Aquaculture positioning in the new Classification of Economic Activities (NACE-2010)

Source: Author's own generalization

biological nature of agricultural production manufacturing. It completely influences the sector of fisheries where traditional laws of biology operate, taken into account in modern production technologies.

Thus, the account of biological laws in fishery manufacture is the basic theoretical approach to understanding the periodicity of production proposition formation in fisheries sector. In turn, it essentially influences the market balance, determined between cumulative demand and cumulative supply. Therefore, aquaculture should be recognized as the partner of agrarian sector equal in rights, instead of as the minor sector and subordinate to it or to manufacture, which does not receive proper attention.

Transformation of aquaculture to a competitive sector of the state economy is restrained by the lack of innovations, investment inaccessibility and the possibility of the foreign companies' active intervention on the domestic fish market, as well as dependence on import. We conclude that the specific problems of the fishery branch were caused by frequent modifications of sectoral governing body, which means that the system of sector regulation was changing every 2-3 years. However, in 1999 the state made attempt to stop administrative intervention in activity of fishery producers in favour of economic regulation methods application. Conditions for self-development of sector in the market conditions were created. However, despite of the special taxation modes, fish production remained unprofitable, and the sector still was in crisis condition. It is necessary to mention that nowadays the State Agency of Fisheries of Ukraine has lost its function of regulatory policy development for fishery. This fact does not contribute to the improvement of state regulation of aquaculture and negatively affects its productivity.

The State Agency of Fisheries brought up a question of water bodies' fish capacity increase maintenance from 3.0 centner/hectare to 15.0 centner/hectare. It is necessary to mention that in Ukraine the average fish capacity of fish farms reported by various types of professional associations and the State Service of Statistics of Ukraine is 3.7 centner/hectare. Inefficient use of ponds in country is observed. At the same time, considering the productivity of ponds on commodity fish and stocking material cultivating, according to the area-based fish cultural and biological specifications, reservoirs can annually give more than 163,000 tons by extensive and 6.6 centner/hectare by gazing use of water bodies, or even up to 400,000 tons by intensive use of internal reservoirs (16.4 centner/hectare). Therefore, in order to maintain the fishery water bodies (or their parts) ratio-

nal use, there have to be made specific fish cultural and biological norms of production acquisition from the unit of water object area within the zones of aquaculture, depending on environmental conditions and natural efficiency of reservoirs. Working out these specific norms is a basis for the state supervision (control) increasing over the fish capacity. The basic idea is that fisheries should adhere to the specific norms all without exception, together with those who rent or intend to rent the feeding ponds. This activity conforms with paragraph 4, part 1, article 8 of the Law «On aquaculture» (No 5293-VI from 18.09.2012) [19], and point 8 of the Regulation of the Ministry of Agrarian Policy and Food of Ukraine confirmed by the Decree of the President of Ukraine (No 500 from 23.04.2011), and in the Adjustment to the Order of the Cabinet of Ministers of Ukraine (No 24843/7/1-11 from 26.09.2011). Besides, the Order of the Ministry of Agrarian Policy and Food of Ukraine «On the statement of aquaculture areas (fish culture) and fish capacity of regions of Ukraine» (No 240/22772 from 2.11.2013).

We may assess that the central executive body which implements the regulatory policy in the field of fisheries is given the authority to provide state accounting, monitoring, managing the state cadastre of living aquatic resources, as well as state accounting and registry of fishery water

bodies (or their parts). For this purpose, the primary task of today regulatory policy is development and approval of the State register of fishery water bodies (or their parts). And the design of the new passports for fishery technological ponds and water body passport (reservoir, pond, lake), which will further provide effective, rational use of the water body, land under this water body or hydraulic structures of the reservoir, which are in use on a rental basis. Legislative and regulatory base of aquaculture development through measures of its support, government regulation and the use of appropriate tools is now being formed from a number of legal acts. An important role have the Law of Ukraine «On the basic principles of the state agrarian policy for the period till 2015» from 18.10.2005, the Resolution of the Cabinet of Ministers of Ukraine from 11.08.2010 «On approval of the use of funds provided in the state budget for the financial support of the agricultural sector entities through the mechanism of cheaper loans and lease payments compensation», the Presidential Decree from 3.09.2007 «The concept of the state regulation of economic activity improving». Simultaneously, continues the process of legal base improvement. Considering perspective of the sector, regulatory changes are offered for the Law of Ukraine «On the rent of the state and municipal property» by which the withdrawal of hydro-technical constructions of fish farming technological reservoir from the list of kinds of the state property is prescribed. According to the current legislation, these objects could not be the objects of leasable property. Providing of such regulatory changes to the law, it will be possible to lease hydro-technical constructions of fish farming technological reservoir in general order which exists for the state property lease. Therefore, in accordance with Regulations on State Agency of Fisheries of Ukraine, approved by the Presidential Decree and within the State Target Economic Program of Fisheries for 2012-2016, approved by the Cabinet of Ministers of Ukraine (No 1245 from 23.11.2011), the modern forms and methods of regulatory policy implementation for aquaculture development should be based on passportization and to be in line with international standards and norms.

Conclusion. The regulatory support for aquaculture development should be aimed at such preconditions preserving: water objects fish capacity increase from 3.0 centner/hectare to 15.0 centner/hectare; certification of the leased fish farming technological reservoirs. There is the expediency to optimize not only the account of aquaculture zones, but also of soils, where reservoirs are located, with use of correction coefficient. For

average levels of soil fertility (podsolc, loams, sandy) it should be equal 1, for unproductive soils (pebbled – 0.4, peaty – 0.5, sandy – 0.6, high-fertile (black earth – 1.2). Feeding ponds have to be divided into categories (channel, waste, by area). It is necessary to provide indicators of fish capacity both for commodity fish, and for a stocking material. As far as the undertaken analysis brought up the fact that the central regulatory authority which provides the regulatory policy in sphere of fisheries is given the right to provide the state account, monitoring, the state cadastre of water bio-resources managing, and the state account and the register of fish farming water bodies (or their parts), there is a priority in development and further implementation «An order of conducting of the state register the fish farming water objects (or their parts)».

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Різні погляди – одна держава

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