

# **THE REGULATORY POLICY OF THE STATE AND MECHANISMS OF ITS REALIZATION IN AGRICULTURE**

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## **1. Introduction**

The state policy takes an important place in public life and its purpose is to timely reveal current problems of the development of perspective branches of the economy, to analyze them, to establish the causes of occurrence, discrepancy and to find ways of solving these issues. In the sphere of the state policy the specific decisions are aimed at elimination of branch problems, needed programs, government regulations, mechanisms and their implementation tools development. The solution of these issues depends on rational regulation of development of perspective types of activity which are specifically connected with foodstuff, including aquaculture as a sector of state fisheries.

## **2. Scope and the purpose of research**

The undeniable role of the agrarian sector of the economy in increasing of life standards of the population provides the development of conceptual framework of its formation and transition to dynamical development in modern conditions. Domestic scientists, for example, V. Bodrov [1], N. Zybza [2], A. Kachnyi [3], S. Kvasha [4], Y. Lupenko [5], I. Lukinov [6; 7], Messel-Veselaka [2], P. Sabluk [2] were engaged in the research of the problem of state regulation of agrarian sector of economy, the same as scientific researches of foreign scientists like J. Galbraith [8], R. Coase [9], F. Quesnay [10], A. Smith [11], K. Marx [12; 13; 14], J. Schumpeter [15], F. Hayek [16], and others generate interest in the problem of theoretical formation of the state regulation of economy system. The theoretical and practical research of functioning of fishery on principles of its development, regulated by state were provided by domestic and foreign scientists: A. Kozyrazkaya [17], G. Simon [18].

The purpose of this work is caused by the necessity of substantiation of methodological maintenance of state regulation of economy development of agrarian sector perspective branches which are connected with the foodstuff and the development of practical recommendations on application of mechanisms of state regulation in the fishery industry and aquaculture sector.

## **3. Results**

Our research gives the possibility to assert that the economic scientific thought was formed during an epoch of considerable fluctuations of foodstuff manufacture when hunger was a widespread phenomenon. It explains the fact that all civilizations were formed near large water reservoirs or rivers. The lowest stage of wildness of mankind was got over with introduction of fish food. The research gives the chance to confirm A. Smith's opinion that by means of a product of the earth the fish can be taken from water. Therefore for the first time in the theoretical and methodical plan it is proven, as by means of a product of water it is possible to receive cattle-breeding products "from the earth" [1]. Quantity of products which are received from the earth and fishery, considering their natural productivity, depends on the sizes and appropriate usage of the capital spent on them. If capitals are identical and are equally correctly used, their quantity is proportional to their natural efficiency [1].

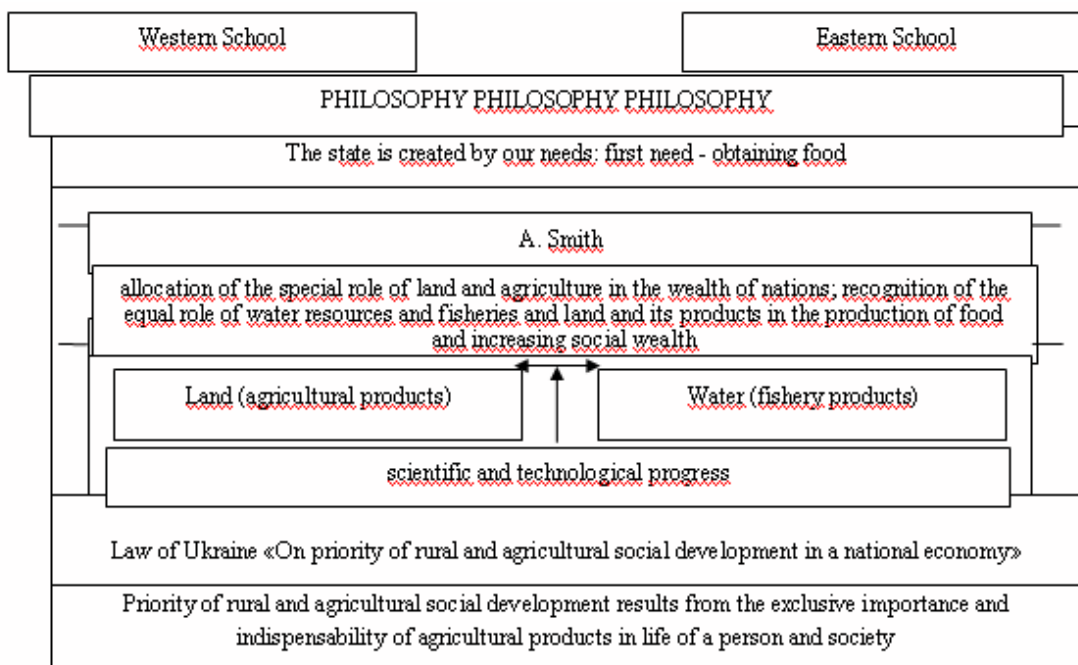
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K. Marx was also proving that the earth (from the economic point of view it also concerns water) which was providing the person with food at the beginning, became a general subject of human work. All subjects which are necessary only to “pull out” from their direct connection with the earth – the objects of the labor given by nature, for example, fish which is caught, are separated from its natural environment – water [2].

We also share F. Quesnay’s opinion, who pointed that the heads of the state, together with land owners and farmers should promote increment of production of the earth, after all, the success of all the state branches, and agrarian sphere in particular, depends on this profitable source [4]. It is necessary to mention that the state independence of Ukraine began with the acceptance of some acts which directly concerned the development of agrarian sector of economy and its system of state regulation. Accepted in 1990 “The concept of transition of the Ukrainian Soviet Socialist Republic to market economy” recognized an urgency of creation of necessary preconditions for maintenance of own policy of transition to market economy for the purpose of increasing Ukrainian people life standards. By the law of Ukraine “On priority of rural and agricultural social development in national economy” it is recognized that the priority of rural and agricultural social development results from the exclusive importance and indispensability of agricultural products in life of a person and society (Fig. 1).



**Fig. 1. The theoretical nature of the role of the agricultural sector and water resources and the fishing industry in national development**

This aspect assumes the actuality of a regulatory policy in the sphere of aquaculture for the purpose of removing the obstacles for the development of economic activities. The regulatory policy in the sphere of aquaculture is the direction of a state policy focused on perfection of legal regulation of economic relations, and also administrative relations between regulative bodies or other public authorities and subjects of a fish economy in sphere of aquaculture, a non-admission of economically inexpedient and inefficient regulative certificates acceptance, reduction of the state intervention in business entities activity and removal of obstacles for the development of economic activities. It is carried out in limits, order and way established by the constitution and laws of the country.

In this context, the search of the solution of the issues goes before the State agency of fisheries, as the central enforcement authority, which provides the state policy in the sphere of fisheries and

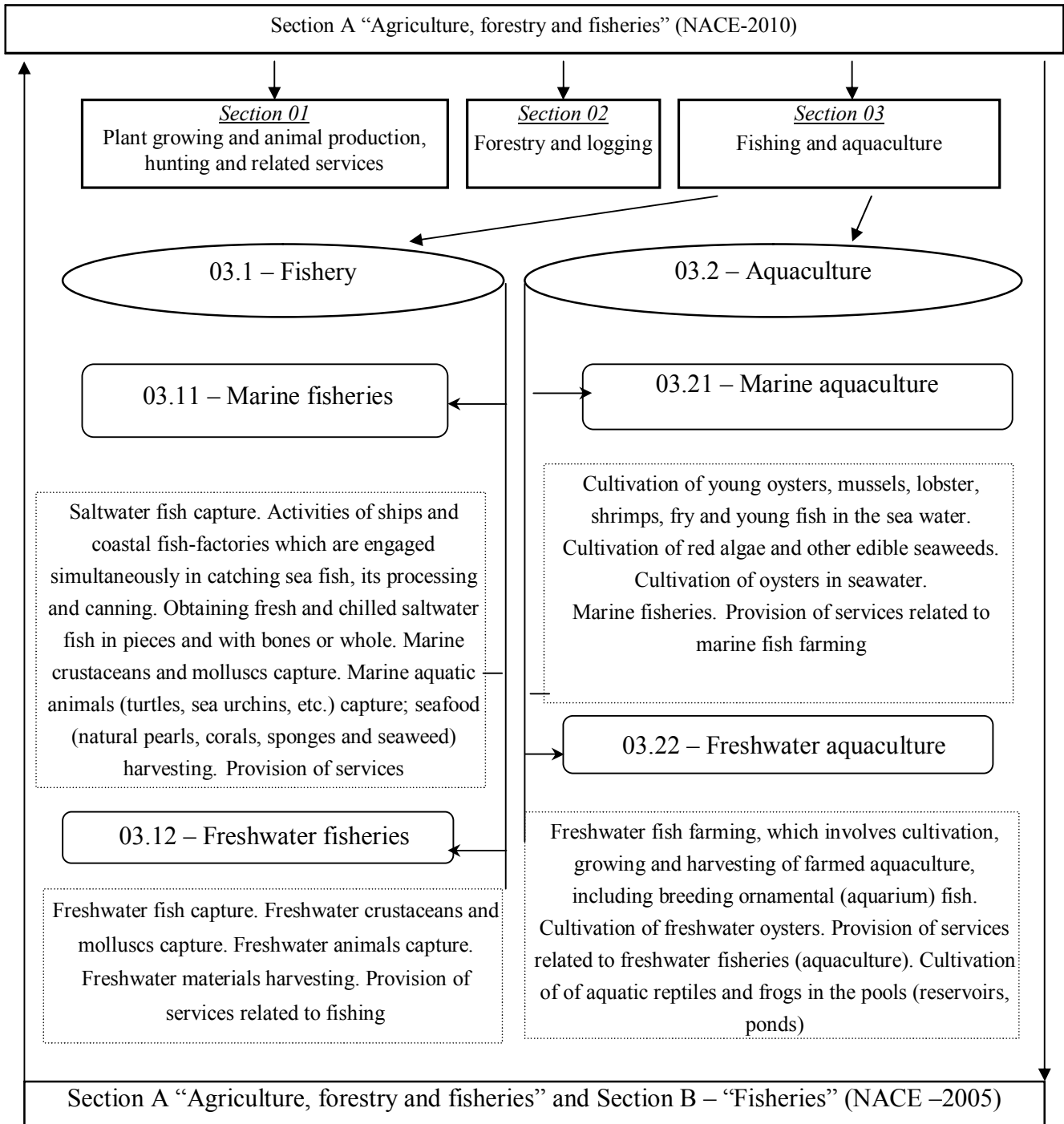
aquaculture. In connection with occurrence of new types of specialization of the enterprises and division of manufacture into operations, fast development of technologies, under the aegis of the Statistical Commission of the United Nations the world revision of the international statistical classifications of kinds of activity and production is carried out. So, at the European level the central statistical classifications were accepted. Ukraine is a participant of 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, increases its international prestige. Requirement for harmonization of national statistical classifications with their international analogs contributed to updating of current system of national statistical classifications of kinds of economic activities and production. The first edition of NACE was developed for execution of the Government 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 revision of certain positions of classification on national level.

Therefore for fastening the diversification process of fisheries in the direction of development of aquaculture and realization scientifically – conceptual prospects of productivity of advancing perfection of the state regulation of aquaculture development system on the basis of the unitized manufacturing process with high standards and regulations of its methodological tools, the important step was made by State agency for fisheries by working out the national version of NACE (DK 009:2010) (Fig. 2). Usage of methodical approaches to divide the economic activities into phases allows to allocate: Section A – “Agriculture, forestry and fishery”. Chapter 03 “Fishery and cultivation of aquaculture” – consists of two groups, each of them is specified by types of activity (sea and fresh-water aquaculture). Besides, a new classification of lines of activity and types of aquaculture in Ukraine is offered. The passed Laws “On aquaculture” and “On fisheries, industrial fisheries and protection of water bioresources” define the main principles of activity, the governmental control and regulation in sector, preservations and rational use of water bioresources, an order of mutual relations between public authorities, local government and business entities. It is necessary to mention that an actual meaning gets the question of perfecting the process of forming the mechanism of generalization of the administrative information on manufacture of stocking material and commodity fish [3].

The system of fish manufacture indicators reception is developed, that completely satisfies requirements of the central enforcement authority, which provides the policy in the sphere of fisheries, for reception of the information for the performance of the functions assigned to it.

The carried-out analysis gave the possibility to confirm the essential feature of formation of the offer on agrarian production. And this feature is obvious to us, because it is connected with biological features of agricultural production manufacturing. It completely influences the sector of fisheries where traditional laws of biology operate, which are taken into account in modern production technologies. So, the consideration of biological laws in fishery manufacture is the basic theoretical approach to understanding the periodicity of formation of production supply in fisheries sector. In turn, it essentially influences the market balance, determined between cumulative demand and the 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 manufacture, and doesn't 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 active intervention of the foreign companies on the domestic fish market and dependence on import. There is the possibility to come to a conclusion that the specific problems were caused by frequent modifications of governing sectoral body, which means that the system of sector regulation was changing every 2–3 years. However since 1999, the state has made attempts to stop administrative intervention in activity of fishery producers in favor of economic regulation methods application.

Conditions for self-development of the sector in market conditions were created. Despite special modes of the taxation, fish production remained unprofitable, and the sector wasn't deducted from a crisis state. It is necessary to mention that now State agency of fisheries of Ukraine has lost its function of development of a state policy in the development of fish economy. This fact does not contribute to the improvement of state regulation of aquaculture and negatively affects its productivity.



**Fig. 2. Offers no positioning of aquaculture in the new Classification of Economic Activities (NACE-2010)**

The State agency of fisheries brought up a question of maintenance of fish capacity increase of water bodies 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 which is reported to various types of associations and Public service of statistics of Ukraine, is 3,7 centner/hectare. Ineffective use of ponds in the country is observed. At the same time, considering the productivity of ponds for farming of commodity fish and a stocking material, according to the area based on fish cultural and biological specifications, reservoirs can annually give more than 163 thousand tons by extensive and 6,6 centner/hectare by gazing use of water bodies, 400 thousand tons by a heavy use of internal reservoirs (16,4 centner/hectare). Therefore for maintenance of rational use of the fishery water bodies (or their parts), there have to be made specific fish cultural and biological norms of reception of production 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 increasing the state supervision (control) over the fish capacity. The basic idea is that fisheries should adhere to the specific norms all without exception, together with those subjects who rent or intend to rent feeding ponds. This activity is conformed with paragraph 4, part 1, article 8 of the Law "On aquaculture" from 9/18/2012 No. 5293-VI, point 8 of Regulation on the Ministry of agrarian policy and food of Ukraine confirmed by the Decree of the President of Ukraine No. 500 from 4/23/2011 and in the fulfillment of the order of the Cabinet of Ministers of Ukraine No. 24843/7/1-11 from 9/26/2011. 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" from 1/30/2013 No. 45 was developed and confirmed and then registered in the Ministry of Justice of Ukraine from 2/11/2013 No. 240/22772. The analysis leads to the assessment that the central executive body which implements the state policy in the field of fisheries is given the authority to provide state accounting, monitoring, 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 is the development and approval of the Procedure 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 the smooth, 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 is played the Laws of Ukraine "On the basic principles of the state agrarian policy for the period till 2015" from 18.10.2005, "On fisheries, commercial fishing and protection of living aquatic resources" from 08.07.2011, "On Aquaculture" from 18.09.2012, "The fish, other aquatic resources and food products from them" from 06.02.2003, the Resolution of the Cabinet of Ministers of Ukraine dated 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 of 03.09.2007 "The concept of improving the state regulation of economic activity". Simultaneously the process of normative legal base improvement continues. 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 hydrotechnical 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 a leasable property. With the acceptance of these regulatory changes in the Law, it will be possible to lease hydrotechnical constructions of fish farming technological reservoir in general order which existed for lease of the state property. Therefore, in accordance with Regulations on State Agency of Fisheries of Ukraine, approved by Presidential Decree and within the State Target Economic Program of Fisheries for 2012–2016, approved by the Cabinet of Ministers of Ukraine on 23.11.2011 No. 1245, selected nowadays forms, methods, regulations of aquaculture development are the basis for the implementation of the state policy in line with international standards and norms.

## 4. Conclusions

It is necessary to note that in current conditions, forms, methods, means of aquaculture development regulation are the basis for realization of a state policy according to the international standards and norms. Therefore we had possibility to draw these conclusions: 1. Undoubtedly, prominent feature of aquaculture is a specific nature of the object of manufacture – the fish which is grown in conditions, supervised by man. To fully use this advantage and to give the state support to this type of economic activity development, these issues have to be dealt with: a) maintenance of increasing water objects fish capacity from 3,0 centner/hectare to 15,0 centner/hectare; b) certification of the fish farming technological reservoirs, which are leased. 2. Thus, we see expediency of optimization result, indicated above, not only taking into account aquaculture zones, but also: a) soils, where reservoirs are located, with the use of correction factor. For average levels of soil fertility (podsollic, loams, sandy) it is equal to 1, for unproductive soils (pebbled – 0,4, peaty – 0,5, sandy – 0,6, high-fertile (black earth – 1,2)); b) feeding ponds have to be divided into categories (channel, waste, by area); c) it is necessary to provide indicators of fish capacity both for commodity fish, and for a stocking material. 3. The carried out analysis brought to an estimation that, to the central enforcement authority, which provides the state policy in the sphere of fisheries, is given the right to provide the state account, monitoring, the state cadastre of water bioresources, and also the state account and the register of fish farming water bodies (or their parts). According to the above said, there is a priority in development and further registration of “An order of conducting the state register of the fish farming water objects (or their parts)”.

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### **Summary**

In this article it is summarized that in current conditions, forms, methods, means of aquaculture development regulation are the basis for realization of a state policy according to the international standards and norms. Therefore we had possibility to draw these offers undoubtedly, the prominent feature of aquaculture is a specific nature of the object of manufacture – the fish which is grown in conditions, supervised by Man. To fully use this advantage and to give the state support to this type of economic activity development, these issues have to be dealt with: a) maintenance of increasing water objects fish capacity from 3,0 centner/hectare to 15,0 centner/hectare; b) certification of the fish farming technological reservoirs, which are leased.

**Keywords:** regulation; industry; agriculture; manufacturing; aquaculture; market development.

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