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Coal industry of China and CIS: problems of functioning in context of modern challenges

Section: Problems of development strategy and financial-economic regulation of industry

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Abstract: The substantial features of the coal industry of Kazakhstan, Russia and China in the face of decline of world prices for coal and growth of renewable energy sources are analyzed in the article to determine the adaptability of these countries' experience in solving actual problems on the strategic reforming regulations development of the coal industry in Ukraine. The selection of the countries is substantiated taking into account the systemic importance of the coal industry in the structure of the national economy. The features of the functioning of the coal industry in Ukraine, Kazakhstan, Russia and China are examined according to the criteria as follows: mining and geological conditions, quality indicators, exports and imports, organizational structure, and institutional features. The specific problems and prospects of industry development as to meet modern challenges for each of the countries are given. It is concluded that in Ukraine there is a need to consider different strategies for enterprises with various performance: for unprofitable and uneconomic enterprises the reduction targeted strategy involving the conservation and liquidation should be considered; for having prospects or promising enterprises the growth strategies are suitable including diversification and integration, and institutional strategies adapted to selective integration of innovative-investment strategy without privatisation to attract investors. For the promising state mines of Ukraine in the conditions of falling world prices for coal it is expedient to consider the possibility of integration into the domestic financial-industrial groups that form a closed technological chains. It is revealed that for Ukraine the experience of institutional transformation of the countries under consideration can be rewarding. In Russia and Kazakhstan the industry was fully privatized, unprofitable mines and cuts were closed, which allowed optimizing the structure of the industry and reaching the break-even level. It is advisable to use the experience of Kazakhstan on privatization of enterprises with involvement of foreign investors as well as the experience of Russia for attracting domestic effective owners. The full focus on coal imports could not be considered as an alternative development strategy due to a number of technological and social problems related to the limited capacity of the sea ports and remoteness of the major countries-importers of coal. However, China's experience should be used for infrastructure development of ports and railway services for promising possibilities of the implementation of imports. Opportunities for the development of clean energy in current conditions in Ukraine are also limited. This fact indicates that coal will remain the major energy resource for Ukraine in the short term.

Keywords: fuel energy balance; coal industry; institutional features; strategy of development

| Full text (PDF)

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